

2019 Adopted Budget



First City of Kansas

City of Leavenworth, Kansas
100 N. 5th Street
Leavenworth, Kansas
2019 Annual Budget

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Introduction



Mission Statement

The ongoing mission of the City Government of Leavenworth, Kansas is to protect and maintain the health, safety, and general welfare of the Leavenworth community. All representatives of the Leavenworth city government will carry out this mission on a daily basis within the parameters of all fiscal resources available and in a fair and equitable manner for all individuals who live in, work in, conduct commerce in, and visit the City of Leavenworth.

City of Leavenworth, Kansas
List of Elected and Appointed Officials
December 31, 2018

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Mark Preisinger	Mayor	2020
Jermaine Wilson	Mayor Pro Tem	2018
Nancy Bauder	Commissioner	2020
Larry Dedeke	Commissioner	2018
Myron "Mike" Griswold	Commissioner	2018

<u>Appointed Officials</u>	<u>Position</u>	<u>Length of Service</u>
Paul Kramer	City Manager	3 years
David Waters	City Attorney	1 years
Taylor Tedder	Assistant to the City Manager	3 years
Melissa Bower	Public Information Officer	7 years
Lona Lanter	Human Resources Directors	15 years
Carla Williamson	City Clerk	3 years
Ruby Maline	Finance Director	3 years
Steve Grant	Director of Parks & Community Activities	3 years
Michael McDonald	Director of Public Works	30 years
Pat Kitchens	Police Chief	11 years
Gary Birch	Fire Chief	5 years
Julie Hurley	City Planner	4 years



July 11, 2018

Mayor and City Commission

City of Leavenworth

Leavenworth, Kansas

Dear Mayor and Commissioners:

The City of Leavenworth Management Team is pleased to present the 2019 Operating Budget. It is a balanced budget, as required by law, and builds on the City's goal to provide high-quality services while maintaining sound financial standing. The budget contains revenue and expenses for all City funds and includes a "pass-through" levy as mandated by the Library Ordinance. The proposed mill levy that supports City of Leavenworth operations remains unchanged from 2018. However, the library has requested a 0.385 mill increase for their Library Employee Benefits Fund.

The Management Team has evaluated economic trends, City Commission priorities and adopted goals, public discourse and feedback, staff recommendations and many other factors while drafting the 2019 budget. The following issues, in context of their relation to available resources, were discussed at length in development of the 2019 budget:

- Budgeting for the mid-year addition of a Community Development Director to reassume housing authority duties and work on directed community improvement projects/programs.
- Funding of court-ordered nuisance abatement in a way that brings more expedient relief to neighborhoods.
- Implementing a portion of the commissioned employee classification and compensation study.
- A new budget line item for aesthetic improvements in City parks and budging for tree removal of infected ash trees.
- Employee health/welfare and retirement expenses.

Revenue Highlights

- The City experienced an increase in initial assessed valuation from \$207,179,358 in 2018 to \$212,395,600 in 2019 – an increase of 2.5%.
- Total sales tax revenues in the Tax Funds are budgeted to increase \$888,019, or 3.5%, over 2018. Several other revenue sources increased, including property tax (\$172,000), franchise fees (\$43,091) and motor vehicle tax (\$78,924). The most substantial decline is in court fines/fees (\$175,000).
- There is a small increase in other revenue sources, including Motor Vehicle Tax and licenses and permits.

Additionally, the General Fund includes a budgeted reserve of \$2,540,165, which is available to support unanticipated expenses or underperforming revenues.

Expense Highlights

- The Riverfront Community Center requires an operating subsidy of \$400,000 in the 2019 Operating Budget. Everything from insurance to supplies and maintenance increase year-to-year, without corresponding changes in revenue. Future changes in either revenue or expenses will need to occur to freeze or reduce the trend in escalating operating subsidies.
- The inclusion of \$60,000 to hire a Community Development Director mid-year.
- City contributions to the Police and Fire KP&F State Pension system and in the KPERS State Pension system contribution rate for all other City employees saw an increase for 2019 of \$59,695.
- Health insurance costs are budgeted to increase 8% (which would equate to \$241,919), although the exact amount is unknown at this time. There are also slight increases to dental and vision costs.
- The introduction of Fire Department specialty assignment pay (similar to what was implemented for the Police Department in 2018) is included for HazMat and Investigation functions at a cost of \$13,200.
- Increasing the legal budget by \$50,000 to reflect staffing changes.

It is recommended that the 2019 employee compensation plan include a 2.75% across the board increase for employees, implemented mid-year. The compensation plan is in-line with those being provided by most municipalities in the region. Along with the increase, the budget includes a \$100,000 set-aside for implementation of the yet-to-be-completed classification and compensation study. It is unclear at this time what the phasing plan will be for implementation of the study.

General Fund

The City's General Fund accounts for core municipal functions and services such as Police, Fire, Parks and Recreation, Public Works, Planning and Administration. This is an operating budget focused primarily on revenues coming and going in a particular fiscal year. The primary revenue streams that support the General Fund budget are: 1) Sales and Use Taxes; 2) Property Taxes; 3) Charges for Services; 4) Fines and Forfeitures; and 5) Franchise Fees. Fluctuations in these revenue streams impact how the City is able to pay for and maintain core services.

Other budgets included

It is again useful to consider the 2019 budget document as consisting of four separate budgets: Library Funds, Federal Grant Funds, Non-Tax Funds and Tax Funds. The recommended budget is for the mill rate to remain the same for City activities 26.768 and 4.979 for the library for a total mill levy of 31.747

Library

The Library Ordinance is set at 3.75 mills, which generates \$796,403 for operations. Additionally, there is a second levy for the Library Employee Benefits Fund (EBF). That levy fluctuates based on cost and is currently requested to increase from 0.844 to 1.229, which will generate \$261,126. The library also receives other (motor vehicle and delinquent taxes) funding.

Federal Grant Funds

The City receives grants each year for Planters II, Section 8, Community Development, and Comprehensive Improvements Assistance Program (CIAP) activities. The 2019 Planters II expense budget increased \$246,41 over 2018 - in most part as budgeted reserves - \$61,801 over the 2018 budget, and \$64,065 over 2017 actuals. Increases in expenditures are due to increased health insurance, electric and gas utilities, and increased buildings and grounds maintenance. The financial condition of the Fund is stable. The 2019 Section 8 Fund expense budget increases by \$157,282 to \$1,768,385, mostly because of increases in anticipated housing payments.

The 2018 Community Development Block Grant funds are estimated to increase to \$334,736. \$66,947 may be used for administrative purposes; the balance, or \$267,789, is used for a variety of community projects in accordance with CDBG guidelines.

The CIAP Fund (Planters II Capital Fund) was established to account for federal grants received each year for repairs and renovations to the Planters II facility. The Fund will begin 2019 with a balance of \$237,274 while federal grant revenue of \$139,790 is budgeted for the year. Thus, total resources in 2019 are \$377,064 and are budgeted for building improvements.

The Blight Elimination Trust Fund is budgeted at \$13,572 for 2019. The Fund accounts for housing related blight elimination and rehabilitation activities. The ESG Fund is a state funded emergency shelter grant. The 2019 amount for the ESG grant is anticipated to be \$37,486.

Non-Tax Funds

These Funds derive their financial support from sources other than ad valorem taxes. Expense budget levels for these Funds are generally dependent upon the availability of revenue generated through the pursuit of the Fund's activity. For example, the Sewer Fund expense budget is dependent upon funds generated from the sale of sewer services.

The 2019 expense base budget for this group of Funds increases \$6,311,252 or 47%, to \$19,816,545. These increases are due to FFE funds of \$1,000,000 carried over from 2017 that are restricted for capital outlay for streets; increased TIF payouts; increased activity in the Economic Development and CVB funds; and increased activity in the sewer and refuse funds.

Fund	2018 Budget	2019 Budget
Countywide Sales Tax	2,534,892	3,728,062
Streets	2,298,974	2,149,944
CIP Sales Tax Fund	3,261,963	2,607,792
Zeck TIF Fund	866,871	804,711
Econ Develop Fund	956,423	950,265
Probation Fund	185,505	255,522
Sewer	5,944,671	5,811,099
Refuse	2,195,269	2,295,911
Refuse Restricted	17,049	35,760
Police Seizure	157,592	157,592
CVB Fund	681,081	872,311
Hotel TIF Fund	430,801	529,174
Home Depot Tax Increment	255,454	359,838
Special Park Gift	30,000	30,000
Total	\$19,816,545	\$20,587,981

The 2019 Streets Fund operating budget increases \$149,030, or 6.5%, from the 2018 budget due to decreases in budgeted capital outlay. The anticipated subsidy transfer from the General Fund remains at \$80,000.

The Convention and Visitor's Bureau Fund was established in 2014 to account for the receipt of transient guest tax revenue that had previously been accounted for in the General Fund. The Fund began 2018 with \$384,172 and an additional \$350,000 in revenue was budgeted during 2018. The 2019 budget will begin with \$387,788. The operating budget revenue increases to \$440,000 due to anticipated revenue increases from new hotels. Budgeted expenses are \$301,824. Operating Reserves are budgeted at \$525,964 to be available should other projects become identified.

The 2019 Sewer Fund budget remains stable; Long-term financing analysis of the Fund indicates that a utility rate increase of 3% will be required for expenditures at the sewer plant and will generate an additional \$67,907 in utility revenue this year. Gross revenue is budgeted rather than the net amount. The gross revenue includes the water department billing fees. Budgeted expenditures include those fees as an expense and therefore, the two offset each other.

The 2019 Refuse Restricted Fund beginning balance is expected to be \$25,760 and a \$10,000 transfer from the Refuse Fund will result in total 2019 resources of \$35,760. Budgeted 2019 expenditures include \$6,500 for mowing fees and \$29,260 for erosion control activities.

The 2019 Refuse Fund expense budget long-term financing analysis of the Fund indicates that a utility rate increase of 5% will be required for future capital expenditures for a refuse truck and will generate an additional \$100,792 in utility revenue.

The Home Depot Tax Increment Fund was established to account for the receipt and distribution of funds received from Home Depot as required by the tax increment financing agreement initiated in 2003. It is estimated that approximately \$359,838 will be paid to Home Depot in accordance with the agreement.

Two additional TIF funds were added to account for the collection and distribution of funds as required by tax increment financing agreements with Zeck Ford, First City Hotels, and Home 2 Suites Hotel. Zeck Ford TIF fund is anticipated to have \$804,711 paid out and the Hotel TIF funds are anticipated to have \$529,174 paid out.

No Supplemental Requests are recommended for this group of Funds.

Bond and Interest Fund

The 2019 Bond & Interest Fund expense budget increases \$110,448 due to increased debt service payments. Budgeted 2019 payments consisted of principal of \$3,015,000 and interest of \$530,687, and capital lease payment of \$164,840 for a total of \$3,710,227. New debt payment for 2019 includes principal of \$115,000 and interest of \$49,938 for the 2017 general improvements bonds.

Assessed Valuation

Based upon information recently received from the County Clerk, the City of Leavenworth experienced an increase in assessed valuation from \$207,227,412 to \$212,395,600. This is about a 2.5% increase; however, tax abatement property values increased to \$2,687,061.

	2018	2019	
Budget		Budget	Variance
Real Property	\$191,282,464	\$196,347,637	\$5,065,173
Personal Property	4,105,653	4,009,374	-\$ 96,279
State Assessed Utilities	11,839,295	12,038,589	\$ 199,294
Total	\$207,227,412	\$212,395,600	\$5,168,188

Ad Valorem Taxes

The following table illustrates the 2019 ad valorem tax levy (prior to the delinquency rate calculation) required by each City Fund.

	2018	2019	
Fund	Budget	Budget	Variance
General Fund	\$3,437,745	\$3,430,109	-.23%
Recreation	377,498	483,670	21.95%
Bond & Interest	1,581,891	1,621,569	2.44%
Fire Pension	133,401	136,257	2.1%
Police Pension	12,477	13,605	.00%
Subtotal - City	5,543,012	5,685,210	2.5%
Library Fund	777,113	796,403	2.5%
Library Employee Benefits	174,894	261,126	35.52%
Subtotal - Library	952,007	1,057,529	9.98%
Total	\$6,495,019	\$6,742,739	3.68%

Conclusion

The 2019 recommended operating budget reflects the continuation of modest, yet positive growth in revenue and service delivery. The recommended budget proposes to invest further in employee development and workforce stabilization while making small enhancements in public works, blight removal and parks and recreation with a completely flat City funded mill rate. Additionally, revenue trends and careful consideration of expenses in previous few years has allowed the City to sustain pre-recession reserve levels.

As with any budget process, certain areas were selected for enhancements, while others that were equally affected by cuts in previous years remained unchanged. We hope the proposed budget matches the goals and expectations of the residents of Leavenworth and the City Commission.

We appreciate the support of the staff in the preparation and presentation of the 2019 City recommended budget and we look forward to reviewing its contents with the City Commission.

Sincerely,



Paul Kramer
City Manager



Ruby Maline
Finance Director

Summary of Changes between Proposed and Adopted Budget

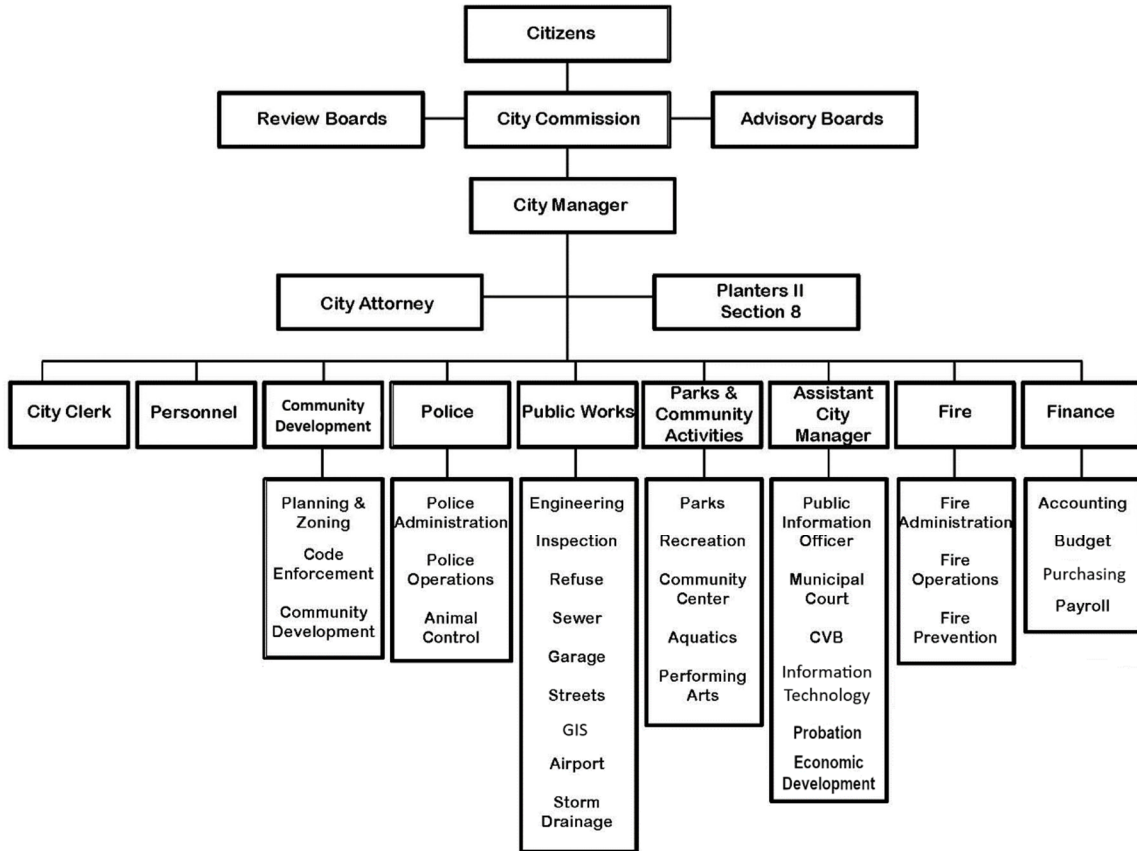
The Sewer budget began with a 3% increase in Sewer rates. The Sewer rates actually increased by 5% because of the anticipated increase in County Landfill rates. The Sewer fund purchased a Vacuum truck in 2018 by using a 3-year lease/purchase agreement. The annual payments of \$133,950 begin in 2019.

The Refuse budget began with a 5% increase in Refuse Rates. The Refuse rates actually increased by 8% due to two factors: the anticipated increase in County Landfill rates and the necessity of replacing sanitation trucks in each of the next three years.

The health insurance rate increase was budgeted and adopted at 8%. Subsequently, negotiations lowered the rate increase to 6.79%. The budget was already adopted so the lower rates were not incorporated.

Organizational Chart

City of Leavenworth Organizational Chart As of January 1, 2019



Community Profile

History, Size, and Location

The City of Leavenworth, Kansas is located on the west bank of the Missouri River in the Dissected Till Plains region of North America's Central Lowlands on land that was originally inhabited by the tribes of the Delaware, Kansa, and Osage peoples. Four small tributaries of the Missouri River flow eastward through the city, Quarry Creek, Corral Creek, Three Mile Creek, and Five Mile Creek. The City's water source comes from the Missouri River.

Leavenworth is 28 miles northwest of Kansas City, Missouri and 45 miles northeast of Topeka, Kansas, 145 miles south-southeast of Omaha, and 165 miles northeast of Wichita, at the intersection of US Route 73 and Kansas Highway 92. The City has a population of 36,240 and covers an area of approximately 24.06 square miles.

Fort Leavenworth, built in 1827, was originally named Cantonment Leavenworth by Colonel Henry Leavenworth. For several decades the fort played an important role in keeping the peace between the various Indian tribes and the settlers moving west. Many Leavenworth city streets are named after local Indian tribes.

While Fort Leavenworth was separate from the city until annexation in 1977, the two are interdependent on each other and their histories are inextricably intertwined. The City provides additional housing, shopping, recreational, and cultural amenities that are not available on base. In addition to the military personnel, the Fort provides thirty-six percent of civilian employment.

Fort Leavenworth is home to the Combined Arms Center, the intellectual center of the Army; the U.S. Army Command and General Staff College; National Simulation Center and the Army Corrections Complex. Leavenworth is home to the University of Saint Mary, the Dwight D. Eisenhower Veterans Affairs Medical Center, and the Leavenworth Federal Penitentiary.

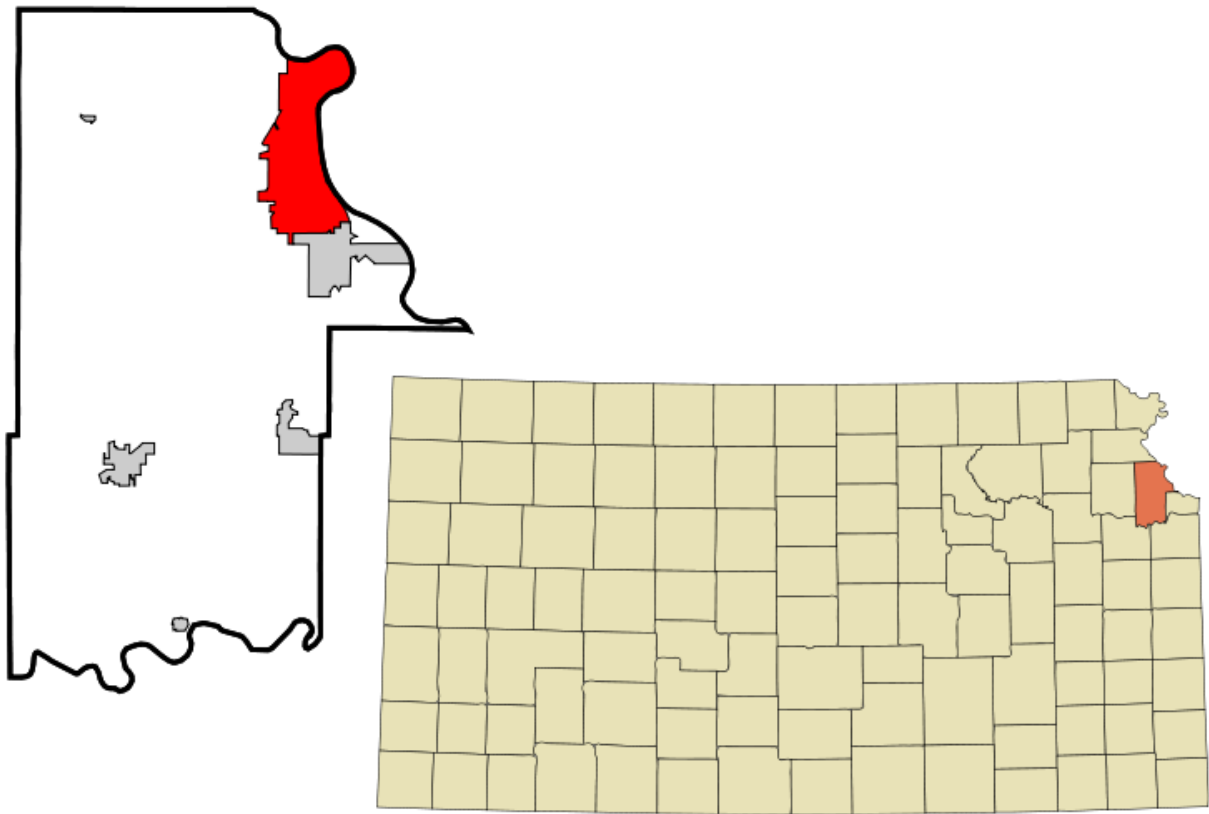
Leavenworth has a small town, historic atmosphere with access to the amenities of a larger city. In addition to the large federal presence and large private employers such as Hallmark Cards, the Leavenworth community is home to many smaller, family-owned businesses. The 28-blocks of downtown Historic Leavenworth still contains many of the buildings that were present in the early 1900's. Vintage homes are scattered throughout the community.

The City grew south of and in support of the fort, was established in 1854, and was incorporated by the first Kansas territorial legislature in 1855. The City was the first city incorporated in the Kansas Territory, hence its' motto: First City of Kansas. American history identifies Leavenworth for its key role as a supply base for settlers going west. The City was home to freight companies, meat packers, provisioners, stove makers, and furniture manufacturers. As the city grew, factories and businesses flourished and stately homes were built to house the families whose wealth grew as the city grew. Leavenworth was the industrial center of Kansas and of the west. The city has a historic wayside walking and driving tour commemorating the notable events and locations in the community.

Leavenworth also became known as a refuge for African-American slaves fleeing the slave state of Missouri, with the help of Abolitionists. In the years preceding the Civil War, Leavenworth frequently had physical confrontations between anti- and pro-slavery factions.

In April 1858, the Leavenworth Constitution was adopted for the State of Kansas in Leavenworth. The constitution was never officially recognized by the federal government, but was considered the most radical constitution drafted for the new western territories because it included freed African-Americans as citizens.

The following map shows the Location of Leavenworth County in Kansas and the City of Leavenworth within Leavenworth County.



Federal Presence

As mentioned earlier, the City has a strong federal presence, which includes Fort Leavenworth, home to the U.S. Army Combined Arms Center and the U.S. Army Command and General Staff College, School of Military Studies, the Center for Army Leadership, the Combat Studies Institute, the Combined Arms Directorate, the Center for Army Lessons learned, and the Mission Command Center of Excellence.

The Fort has been continuously occupied by the U.S. Army since its inception in 1827. The original purpose of the fort was to protect settlers on the Santa Fe Trail. The fort also played a key role in both the Mexican and Civil Wars. In 1854, it was the temporary capital of the Kansas Territory. There are two National Cemeteries located in Leavenworth. One of these, the Fort Leavenworth National Cemetery is located on the Fort itself.

In addition to Fort Leavenworth, the U.S. Department of Veteran's affairs operates the Dwight D. Eisenhower Veterans Affairs Medical Center. The Medical Center also operates a consolidated mail outpatient pharmacy (CMOP) which provides mail-order prescriptions to veterans throughout the United States. The other National Cemetery, the Leavenworth National Cemetery is located on the grounds behind the Veteran's Affairs Medical Center.

There are several prisons also located in Leavenworth and immediate surrounding area. The United States Federal Penitentiary was built in 1903, along with its satellite prison camp, and the Federal Bureau of Prisons operates both. The United States Disciplinary Barracks, which is the military's only maximum-security facility is located on the fort and the Midwest Joint Regional Correctional Facility, are both military facilities. The Leavenworth Detention Center is privately operated by the Corrections Corporation of America on behalf of the United States Marshals Service. The Lansing Correctional Facility is operated by the Kansas Department of Corrections in Lansing, Kansas, which is a neighboring city.

These facilities provide strong financial stability to the City.

Education

Primary and secondary

Two public school districts provide educational services to local citizens. Fort Leavenworth, Unified School District (USD) 207, has three elementary schools and one junior high school on the Fort. The high school students attend USD 453, the City of Leavenworth's school district. USD 453 operates four elementary schools, one middle school, Leavenworth Virtual School (LVS), and Leavenworth High School. Leavenworth High School boasts the very first Junior Reserve Officer Training Corps (JROTC). Leavenworth Virtual School is an internet-based school for kindergarten through eighth grade students.

There are also two private schools, Xavier Elementary school for students in pre-kindergarten through eighth grade and St. Paul Lutheran School for students in pre-kindergarten through eighth grade.

Colleges and Universities

The University of Saint Mary is a four-year private Catholic university located in Leavenworth, other higher education opportunities in Leavenworth include a Kansas City Kansas Community College satellite campus and a University of Kansas satellite campus.

Educational Attainment (Ages 25 and over)	
High School or higher	90.8%
Bachelor's degree or higher	30.7%
Master's degree or higher	34.5%
Graduate or Professional Degree	14.6%
Doctorate	2.0%

2016 American Community Survey/U.S. Census Bureau

Economy and Growth

Leavenworth is a prime middle class community with a sound business base in the Kansas City Metropolitan area.

The cost of living in Leavenworth is 87.1% of the national average (or 12.9% lower than the national average).

New Business or Expansion in Leavenworth (past year) include:

- ✚ (Information from the Leavenworth County Development Corporation: 155 new jobs, \$22 million capital investment, 75 retained jobs, \$2.9 million in grants and tax savings.)
 - Census tract in an economically challenged area was designated as a Federal Opportunity Zone by the Governor. The area begins at Metropolitan and 4th Street west to 7th Street. The program will provide an economic incentive for investors/developers to defer and reduce capital gains tax when the gain is invested in an opportunity zone and maintained for at least five years. Additional tax incentives are available for investments held for 7 to 10 years
 - Great Western Manufacturing, 8,600 square foot business expansion, 15 new jobs
 - University of Kansas established a presence in Leavenworth and began offering classes in the fall of 2018.
 - City Electric built a 6,000 square foot facility.
 - Cereal Ingredients grew an additional 49 jobs bringing their employment to 185 jobs
 - As a joint venture between the City of Leavenworth and Leavenworth County, a new business and technology park was constructed on an 81-acre park. It was a \$9.6 million capital investment split between the entities. This is a first class park with walking trails, wide streets, high capacity utilities, street lighting, landscaping, monument signage, drainage detention, etc.
 - Hilton Home2 Suites, \$6.4 million investment, located in Downtown Leavenworth

- TownePlace Suites by Marriott, approx. \$10 million investment, adjacent to the current Fairfield Inn by Marriott
 - Buffalo Wild Wings opened a newly built free standing restaurant on 4th St.
 - Several small businesses have opened in various areas of the city ranging from Chiropractor, restaurants, and more.
 - Small business grants provided to businesses in amounts ranging from \$5,000 to \$15,000 for improvements to their facilities and facades.
- ✚ The military presence also demands additional housing options. Multi-family housing additions in Leavenworth (last two years) include:
- Carnegie Lofts, 601 S. 5th St., redevelopment of historic library into 10 residential units and three 'artist in residence' commercial/residential spaces, approx. \$1.6 million capital investment
 - Ben Day Lofts, 1100 Third Ave., redevelopment of former school into 25 apartments, approx. \$3 million capital investment
 - Stove Factory Lofts, 401 S. 2nd St., redevelopment of five former industrial buildings in heart of downtown, 184 units open, ballroom event space, active construction since Fall 2013 with phased openings, \$28.2 million in capital investment with over \$11 million federal and state historic tax credits. Project is in the final stages of completion with occupancy continuing to increase.
 - Broadway School, 801 N. Broadway St., redevelopment of former school into 19 apartments, approx. \$2 million capital investment.
 - 120+ single-family residences are also planned in the 20th and Eisenhower vicinity in the next year.

Governmental Structure

Leavenworth is a legally constituted city of the First Class and the county seat of Leavenworth, County. The City is within Kansas's 2nd U.S. Congressional District, the 5th District of the Kansas Senate, and the 40th, 41st, and 42nd districts of the Kansas House of Representatives.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City operates under the commission-manager form of government and has since 1969. Policymaking and legislative authority are vested in the City Commission, which consists of five commissioners elected at large on a non-partisan basis by the general population. The commission elections are held every two years. Three of the commissioners are elected at each election. The two highest vote totals receive a four-year term and the third highest vote total receives a two year term. Each year the Commission selects the Mayor from amongst themselves.

In comparison to the federal government, the City Commission performs the legislative function; the Municipal Court performs the judicial function; and the City Manager and city staff perform the executive function.

The Commission is responsible for passing ordinances, adopting the annual budget and capital improvement program, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, overseeing the day-to-day operations of the City, and appointing the heads of the City's departments.

The City's financial reporting entity includes all the funds of the primary government (the City of Leavenworth) and of its component unit-the Public Library. A component unit is a legally separate entity for which the primary government is financially accountable.

The City provides a full range of services, including:

- Public safety: police and fire protection, animal control, and parking enforcement.
- Public Works: sewer, refuse, storm water management, building inspection, airport, and the construction and maintenance of streets, bridges, and other infrastructure.
- Housing and urban development: planning and zoning, economic development activities, code enforcement, and a range of housing and community development programs supported by federal grants.
- Culture and recreation: parks, recreation, community center, aquatic center, farmers market and performing arts.
- General government

Media

- The City of Leavenworth is in the Kansas City metropolitan area for radio and television markets, however, Fox News affiliate, KKLO radio station is licensed to broadcast from Leavenworth and KQRC radio station is also licensed to the City but broadcasts from Mission, Kansas. There are approximately 30 AM and FM radio stations that broadcast in the Leavenworth area.
- There are approximately fourteen television stations that broadcast in the Leavenworth area. Channel 2 is the channel the City uses to broadcast live Commission meetings and other City related public announcements.
- *The Leavenworth Times* is the city's daily newspaper and is published by GateHouse Media. GateHouse Media also publishes *The Fort Leavenworth Lamp*. The Leavenworth Lamp is a weekly newspaper covering local military news, on contract with the U.S. Army.

Medical and Health Facilities

Area medical facilities provide a full range of services including general health care, preventive health care, dental and vision, behavioral and counseling, dialysis, long-term care facilities, hospice care, rehabilitative care, and surgical care. These facilities provide in excess of 1500 jobs.

In addition to medical facilities for the civilian population, the Dwight D. Eisenhower Veteran's Affairs Medical Center is located in Leavenworth City limits.

Financial and Banking Institutions

Currently, there are seven banks in Leavenworth with thirteen locations. The following summary of deposit report is as of June 2017:

Armed Forces Bank	\$ 33,673,000
Citizen’s Savings and Loan Association	\$ 112,766,000
Commerce Bank	\$ 94,582,000
Country Club Bank	\$ 92,127,000
Exchange Bank & Trust	\$ 55,498,000
Mutual Savings Association	\$ 92,466,000
The Citizens National Bank	\$ 4,750,000

Source: FDIC Bank Ratings

Transportation Facilities

Leavenworth’s location in the Kansas City metropolitan area provides advantageous commercial transportation. The intermodal park in Edgerton, Kansas is just a few minutes away and hosts railway shipments, trucking shipments, and is an inland port access to ocean shipping.

The Kansas City International (KCI) airport is located twenty minutes from Leavenworth. In addition, the City has a joint-use agreement with the Department of the Army for the use of Sherman Army Airfield located on the Fort. The airfield is approximately one-mile north of the city and while it is a military airfield, civilian access is unlimited.

As mentioned earlier, Leavenworth is located at the intersection of U.S. Highway 73, Kansas Highway 92, and Kansas Highway 7. It is within a few minutes of U.S. Interstates 70, 435, and 35. Highways 29 and 45 are with a few minutes on the Missouri side of the river.

Distance to Major Cities	
City	Driving Distance (in Miles)
Chicago	525
Dallas	554
Des Moines	209
Kansas City	28
Little Rock	454
Minneapolis	452
Oklahoma City	351
Omaha	174
St. Louis	281
Topeka	63
Tulsa	253
Wichita	201

Culture and Recreation

The City of Leavenworth enjoys a multi-cultural and religious diversity due to its military and international military heritage.

The Leavenworth Parks and Recreation Department maintains a system of more than twenty-five parks, and an aquatic center, as well as, the Riverfront Community Center. The community center offers an indoor cardio facility, an indoor pool, gymnasium, and an excellent event venue. In 2010, public donations provided funding for an off-leash dog park near the VA Medical Center.

The Leavenworth Public Library offers many programs such as meeting rooms, technology services, elementary and teen gaming, and interlibrary loan programs, in addition to specialty programs for children, teens, adults, and seniors.

The River City Community Players provides year-round plays and musicals at the Performing Arts Center.

The City is home to several museums such as:

- The Richard Allen Cultural Center (contains items and artifacts from African-American pioneers and members of the military and collections of 1870-1920 photos from the Mary Everhard Collection).
- C.W. Parker Carousel Museum (features carousel horses and three complete carousels that can be ridden)
- National Fred Harvey Museum (created the world's first chain of restaurants and hotels in association with the Atchison, Topeka, & Santa Fe railroad).
- First City Museum (many different collections and displays of Leavenworth history)
- Carroll Mansion Museum
- Fort Leavenworth Frontier Army Museum

Leavenworth has an historic shopping district that includes artisan shops, antique shops, bakeries, restaurants, a brewery, farmers market, and many other points of interest. A result of the military and international military presence is the variety of cuisine offered in local restaurants.

In addition to the many cultural and recreational opportunities in Leavenworth, its proximity to the Kansas City metropolitan area enhances the City's quality of life. There are many professional sports venues, such as baseball, football, soccer, hockey, and racing. Kansas City

also has many museums, art galleries, performing arts venues, restaurants, shopping, farmers market, micro-breweries, and of course, the zoo.

Demographics

Population

Census	Population	Percent change
1860	7,429	-
1870	17,873	140.6%
1880	16,546	-7.4%
1890	19,768	19.5%
1900	20,735	4.9%
1910	19,363	-6.6%
1920	16,912	-12.7%
1930	17,466	3.3%
1940	19,220	10.0%
1950	20,579	7.1%
1960	22,052	7.2%
1970	25,147	14.4%
1980	33,656	33.8%
1990	38,495	14.4%
2000	35,420	-8.0%
2010	35,251	-0.5%
Estimated 2019	36,240	2.7%

U.S. Decennial Census

Population by Gender	
Male	53.9%
Female	46.1%

U.S. Census Bureau

Ethnic Composition	
White	75.4%
African-American	15.1%
Hispanic or Latino	8.1%
Two or more races	4.6%
Other	2.0%
Asian	1.8%
American Indian	0.9%
Pacific Islander	0.2%

U.S. Census Bureau

U.S. Census Bureau

Population by Age	
Less than 18	26%
18-24	8.5%
25-44	31.6%
45-64	23.9%
65 and older	10%

U.S. Census Bureau

Climate

Average Climate Conditions	
January	74F high/-17F low
July	110F high/45F low
Average precipitation	42.97 inches
Average snowfall	16.1 inches
Average precipitation days	89.7 days
Average snowy days	7.9 days
Elevation	840 feet

National Weather Service; The Weather Channel

Household Data	
Median age	34.8 years
Average household size	2.55
Average family size	3.15

U.S. Census Bureau

Crime Indices Per 1,000	
Violent crime	6.3
Non-violent crime	35.2
Total Crime Index	41.5

Kansas Bureau of Investigation 2016 annual report

City of Leavenworth, Kansas
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Income (2)	School Enrollment (3)			Unemployment Rate (4)
				Public	Private	Total	
2008	34,787	1,233,164,363	35,449	4,069	477	4,546	8.4%
2009	34,729	1,221,766,220	35,180	4,075	481	4,556	10.7%
2010	35,251	1,232,057,701	34,951	3,707	484	4,191	7.9%
2011	35,675	1,284,870,800	36,016	3,755	476	4,231	7.4%
2012	35,675	1,317,228,025	36,923	3,866	429	4,295	6.7%
2013	35,816	1,342,526,944	37,484	3,886	375	4,261	5.8%
2014	35,891	1,394,078,222	38,842	3,919	338	4,257	4.6%
2015	36,000	1,405,692,000	39,047	3,843	327	4,170	4.8%
2016	36,154	1,427,251,458	39,477	3,894	323	4,217	5.7%
2017	36,240	1,041,646,320	28,743	3,873	217	4,090	4.9%

- (1) Kansas Secretary of State
- (2) Kansas Statistical Abstract & U.S. Bureau of Economic Analysis
- (3) Kansas Department of Education
- (4) U.S. Bureau of Labor Statistics

Families below Poverty Level	9.8%
Individuals below Poverty Level	12.9%

Median Housing Price	\$124,200
Home ownership rate	54.4%

HUD CPD Maps

Unemployment Comparison

City of Leavenworth	5.1%
State of Kansas	3.7%
U.S.	4.3%

July 2018 U.S. Bureau of Labor Statistics and Kansas Department of Labor

City of Leavenworth, Kansas
Principal Employers
December 31, 2017

Taxpayer	2017		Percentage of Total City Employment
	Employees	Rank	
Fort Leavenworth	5,001	1	31.6%
Veterans Administration	800	2	5.1%
U.S.D. 453	630	3	4.0%
Leavenworth County	407	4	2.6%
Leavenworth Federal Penitentiary	355	5	2.2%
Wal-Mart Supercenter	350	6	2.2%
Northrop Grumman	302	7	1.9%
City of Leavenworth	267	8	1.7%
Hallmark Cards, Inc	260	9	1.6%
St. John's Hospital	244	10	1.5%
	8,616		54.4%

Source: Kansas Statistical Abstract
Leavenworth County Development Corporation

City of Leavenworth, Kansas
 Principal Property Taxpayers
 December 31, 2017

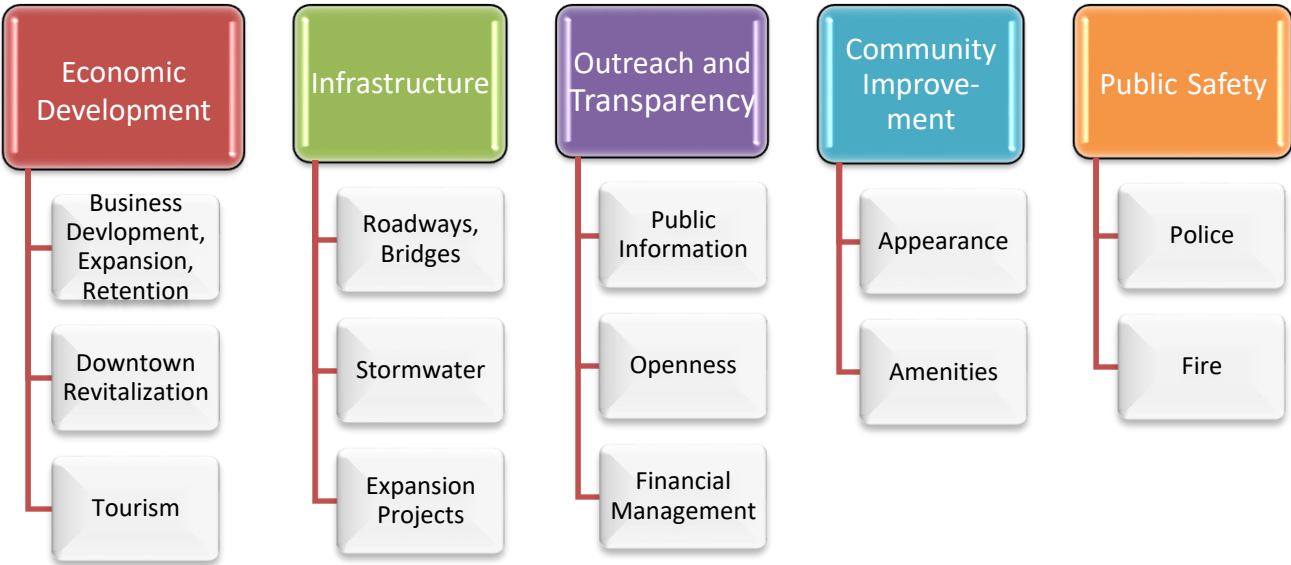
Taxpayer	2017		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corrections Corporation of America	\$ 7,416,778	1	3.6%
Westar Energy	6,807,068	2	3.4%
Wal-Mart	3,254,511	3	1.6%
Development, Inc.	2,017,514	4	1.0%
Kansas Gas Service	1,952,343	5	1.0%
Hallmark Cards	1,656,909	6	0.8%
Cereal Ingredient	1,563,524	7	0.8%
Prime Healthcare Services	1,518,125	8	0.8%
Leavenworth Hotel	1,330,878	9	0.7%
Zeck Brothers Development	1,276,492	10	0.6%
	<u>\$ 28,524,142</u>		<u>14.3%</u>

Source: Leavenworth County Clerk

Community Focus

2018-2019 Commission Goals

During the 2018-2019 goal setting session, the Commission identified the following categories of goals for staff to budget for and pursue during the 2019 budget process:



These are a combination of short-term and long-term goals used in the development of the 2019 budget.

Economic Development

The specific goals for economic development includes:

Business Development, Expansion, and Retention

- Pursuing businesses for inclusion in the new Business and Technology Park
- Continue to lobby for federal funding for the new medium-security prison and increased funding for the existing federal prison
- Exploring projects and innovations for entrepreneurs and transitioning veterans

Downtown Revitalization

- Plan/pursue future downtown TIF
- Plan/pursue future northeast area TIF improvement projects (and other incentives)

Tourism

- Boost travel demand through industry events and extending invitations for conferences and other meetings
- Concentrate on specific markets to include social, military, education, religious, athletic, arts, ethnic groups, and group tours, etc.
- Identify projects and programs to reinvest transient guest tax funds

Infrastructure

Specific infrastructure goals includes:

Roadways and Bridges

- Create a long-term street maintenance plan
- Participate in the Mid-America Regional Council (MARC) and state bridge inspection plan
- Streetscape Improvements

Storm Water

- Implement funding source for storm water projects

Expansion Projects

- Support projects and improvements that lead to annexation

Outreach and Transparency

The specific goals for outreach and transparency are:

Public Information

- Implement a new City website with increased usability, transparency, and mobile capability
- Performance measurement tools to determine the effectiveness of providing city services
- Streamline registration, reservation, and payment processes for all services

Openness

- Make Development Regulations available online
- Implement better tracking of Code Enforcement activities
- Include section on City website to post upcoming bids
- Provide a list of licensed tree trimmers and a link to state-licensed roofers on the city website

Financial Management

- Update the Investment Policy
- Establish a uniform cash management policy and procedures
- Create Grant Management Policy
- Prepare long-term financial policy that incorporates the long-term capital improvement plan to help establish the structure and issuance of debt

Community Improvement

The specific goals for community improvement are:

Community Appearance

- Continue to include city funding source for blight removal
- Adopt the 2015 International Property Maintenance Code
- Add computers in code enforcement vehicles
- Repair and replace signage
- Implement rental property registrations and rental property inspections

Community Amenities

- Update and improve amenities at less-used city parks to spur growth and use
 - Update playground equipment, skate park, repair water fountain
 - Offer clinics for coaches
 - Increase youth participation in sports
- Streamline registration, reservation, and payment process for Parks and Recreation
- Explore options for development of Havens Park

Public Safety

Police

- Address recent trend in domestic violence incidents
- Engage in target initiatives to reduce crime in high risk areas
- Continue to focus on community engagement
- Develop training and reporting with technological advancements for crime analysis and mapping
- Develop a program for unmanned aerial drones (2 drone pilots and a supervisor)
- Continue active shooter training

Fire

- Explore the replacement of Fire Station #3
- Explore billing EMS for call outs

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Financial Overview



Financial Overview

As of December 31, 2016, the City of Leavenworth has received the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for twenty-three consecutive years for its Comprehensive Annual Financial Report (CAFR). The City has submitted its 2017 CAFR to the GFOA for review.

Effective financial management involves oversight from several people within the organization, as well as, strong internal controls. Financial policies help strengthen internal controls by providing guidelines for daily operations, decisions, and long-term financial planning. These policies are designed to ensure financial stability, provide adequate funding for services, and to maintain public facilities.

Financial policies are developed by the Finance staff, reviewed by the City Manager and are approved by the City Commission to ensure the City is functioning in a financially responsible manner and is prepared for changes in economic conditions. Once in place, financial policies need to be reviewed and updated on a regular basis to ensure that they are still relevant to the organization's activities and processes.

The Commission has reviewed and approved the following policies:

September 2016: Prior to September 2016, the City's **Purchasing Policy** was last updated in April of 2000. Due to changes in operations and purchasing, several aspects became obsolete. The revised policy updated the spending level authorities, added the ability to engage in cooperative purchasing agreements, and lease/lease purchase agreements. It changed the exceptions to the policy to include items with extremely volatile pricing; added change order authorizations; provided changes in required documentation to incorporate the functionality of the new financial software system.

February 2017: The Commission approved an **Economic Development Incentive Policy**, which identifies types of incentives the city will offer and the eligibility requirements for each type of incentive. The policy also identifies the methods of evaluation used for each project to determine eligibility. This policy encourages consistency in the application of economic development incentives.

March 2017: The City's **Budget Policy** formalizes the City's commitment to a balanced budget, a fund-type of budget format that provides three years of applicable revenues and expenditures presented in financial statement manner. The City's basis of budgetary accounting conforms to Kansas Cash Basis Budget Laws.

March 2017: The City's **Budgetary Reserve Policy** was previously approved in December 2003. The policy addressed reserves only for the General Fund and established that goal as 8.33% of annual General Fund expenditures. The new policy incorporates the GFOA recommended minimum of two months of revenues or expenditures as the City's minimum reserve levels and includes the CIP Sales Tax, County Wide Sales Tax, Sewer, and Refuse Funds. The new policy specifies the acceptable uses of excess unassigned reserve balances, mandates periodic reviews and updates, as necessary.

March 2017: The City Commission adopted Charter Ordinance 56, which became effective March 1, 2016, exempting the City from the provisions of K.S.A. 13-1024a related to paying for infrastructure improvements. This was the first step toward implementing a debt management policy, which the Commission adopted in

March 2017. The City's current **Debt Management Policy** addresses debt limitations, and includes specific ratios, which the City will not exceed, debt structures, post- issuance disclosures, when the City will issue debt, and the repayment scheduling. The policy also mandates periodic review and updates as necessary.

March 2017: Prior to the adoption of the current **Revenue Control Policy**, the City only had informal policies. The current Revenue Control policy addresses segregation of revenue related duties; revenue diversification that reduces the impact of short-term fluctuations in a revenue source; reviewing and updating the effect of fluctuations in property values and mill levies; identifying and obtaining additional revenue sources, and using forecasting and revenue ratios to identify whether rates and user fees are adequate.

During 2018, the Finance staff will propose the following policies: Cash Management, Investment, Capital Planning, and Grant Management for consideration and approval by the Commission. These draft policies as well as the ones approved by the Commission are located in Appendix B beginning on page 147 of this document.

Fund Structure

The City of Leavenworth has established several funds that are organized in accordance with generally accepted accounting principles (GAAP) for reporting purposes. The activities of each fund are accounted for by providing a separate self-balancing set of accounts that includes assets, liabilities, fund balance, revenues, and expenditures. The City has the following types of budgeted funds:

General Fund: The general fund is the main operating fund of the city, which accounts for all financial resources not accounted for or reported in another fund. The majority of the City's current operations are financed by the general fund.

Special Revenue Funds: These funds account for revenues derived from specific sources which are designated for particular functions or activities. The City budgets the following special revenue funds:

- **Recreation Fund:** This fund is used to account for cultural and recreational activities of the City. Its resources are generated from ad valorem property taxes, sales taxes, and user fees.
- **Economic Development Fund:** This fund is used to account for the City's economic development activities. Its resources are generated from a 15% allocation of the County Wide sales tax.
- **Special Highway Fund:** This fund accounts for the activities of the street department and derives its revenues mostly from a state fuel tax.
- **CIP Sales Tax Fund:** This fund accounts for the activities related to the ½-cent permanent sales tax dedicated for capital improvements.
- **County Wide Sales Tax Fund:** This fund accounts for the receipt and disbursement of sales tax revenues resulting from a one-cent County Wide sales tax enacted by Leavenworth County.
- **Tax Increment Fund-Zeck:** This fund accounts for the transactions related to Zeck Ford properties economic development incentives. Revenues come from a portion of the City sales tax, a CID specifically for Zeck, and property tax abatements on the improvements above the base year valuations.
- **Tax Increment Fund-Hotels Fund:** This fund accounts for the transactions related to Hotel economic development incentives. Revenues come from property tax abatements on the improvements above the base year and in late 2017, a CID established specifically for the First City Hotel.
- **Tax Increment Fund-Home Depot:** This fund accounts for the receipt and disbursement of sales tax revenues related to the 2001 tax increment-financing project. This TIF sunsets in 2021.
- **Convention & Visitors Bureau:** This fund accounts for the activities of the tourism department. Revenues consist of transient guest taxes for the promotion of tourism and conventions.
- **Probation Services Fund:** This fund accounts for the Probation Department. Resources are generated from 1/3 of the state liquor tax allocation and user fees.

Debt Service Funds: The debt service fund is used to account for the receipt of revenues and disbursement of principle and interest on the City's outstanding debt. Resources come from property taxes and transfers from other funds related to specific projects.

Enterprise Funds: These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Budgeted enterprise funds include the Sewer Fund,

which accounts for all activities necessary to provide sewer services to the citizens; and the Refuse Fund that accounts for activities necessary to provide refuse collection and disposal services to the citizens.

Fiduciary Funds: These funds are collected and held on behalf of others and are not available for use in support of the City's activities. The City budgets the following types of fiduciary funds:

- **Pension funds:** These funds are used to report resources that are held in trust for members and their dependents related to pensions. The City provided and administered a single-employer defined pension plan for police officers and firefighters. The plan was established by ordinance in 1945. In 1971, the City affiliated with the Kansas Police and Firemen's Retirement System (KP&F). At that time, the City plan became closed to new entrants. All members were given the option of joining KP&F or remaining with the City Plan. The General Fund absorbs all administrative costs. As of December 31, 2017, the plan consists of four (4) beneficiaries. The City budgets for the following Pension Plans:
 - **Fire Pension:** This fund accounts for the activities related to the payment of pension benefits to retired firefighters and/or their dependents. Revenue supporting this activity comes from ad valorem property taxes.
 - **Police Pension:** This fund accounts for the activities related to the payment of pension benefits to retired police officers and/or their dependents. Revenue supporting this activity comes from ad valorem property taxes.
- **Agency funds:** This type of fiduciary fund accounts for resources held by the City in a custodial capacity, on behalf of its component unit, the Leavenworth Public Library. The City budgets for the following Agency funds:
 - **Leavenworth Public Library:** This fund accounts for the levying, collecting, and disbursement of ad valorem property taxes in support of the library activities. Current City Ordinance limits the mill to 3.75 for the Library general operations.
 - **Library Employee Benefit Fund:** This fund accounts for the levying, collecting and disbursement of ad valorem property taxes related to the payment of employee benefits such as Kansas Public Employee Retirement System (KPERS), health insurance and other employee benefits in support of the Leavenworth Public Library employees. There are no constraints upon levying the necessary millage to support the library employee benefits.

In addition to the fund types mentioned above, the City's fund structure includes **departments**, which is a group of related operations within a functional area; **divisions**, which are segments within a department that are assigned specific operations; **categories**, which are classifications of specific revenues and expenditures; and **account lines**, which are specific revenue and expenditure types.

The revenue structure used in the City's budgeting and accounting system is by fund, function, department, division, category, and object. The revenue object number designates a specific revenue source and is applied consistently throughout the funds. The expenditure structure is set up similar to the revenue structure. The expenditure object number designates a specific expenditure type and is applied consistently throughout the funds.

Fund, Department, and Division Structure:

Budgeted Funds	Fund #	Department	Division
General Fund	01	Administration	Commission
			City Manager
Legal			
Municipal Court			
Contingency			
Airport			
Civil Defense			
City Clerk			
Human Resources			
Finance			
General Revenue (Gen Gov't)			
Information Technology			
City Wide			
Police		Police Admin	
		Police Operations	
		Animal Control	
Fire		Fire Admin	
	Fire Suppression		
	Fire Prevention		
Public Works	Engineering		
	Buildings and Grounds		
	Library Maintenance		
	Inspections		
	Street Lighting		
	Garage		
	Service Center		
	Community Develop		
Parks & Recreation	Parks		
	Riverfront Park		
02	Parks & Recreation	Recreation	
		Aquatics	
		Performing Arts	
		Community Center	

Fund, Department, and Division Structure (continued):

Budgeted Funds	Fund #	Department	Division
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Special Revenue (continued):

	03	Economic Dev.	Economic Development
	04	Public Works	Street & Alley Maint. Traffic Control
	05	CIP Sales Tax	Capital Improvements
	06	County Wide Sales Tax	Capital Projects
	07	Economic Develop	TIF-Zeck
	08	Economic Develop	TIF-Hotels
	09	Economic Develop	TIF-Home Depot
	13	Administration	Conv & Visitor's Bureau (CVB)
	17	Administration	Probation
Debt Service	20	Debt Service	Debt Service
Enterprise Funds	40	Public Works	Sewer
	44		Refuse
	46		Refuse Restricted
Fiduciary Funds	80	Administration	Fire Pension
	82		Police Pension
Agency Funds	10	Administration	Library
	12		Library Employee Benefit

The relationships between City funds and functions are shown in the matrix below:

Funds	Function						
	General Government	Public Safety	Public Works	Culture & Recreation	Housing & Comm Dev	Debt Service	Public Utilities
General Fund	*	*	*	*	*	*	
Parks & Rec				*			
Economic Development					*	*	
Street			*				
CIP Sales Tax	*	*	*	*	*	*	*
County Wide Sales Tax	*	*	*	*	*	*	*
TIF-Zeck					*		
TIF-Hotels					*		
TIF-Home Depot					*		
CVB	*			*	*		
Probation	*	*			*		
Debt Service						*	
Sewer						*	*
Refuse							*
Refuse Restricted							*
Pension Funds		*					
Agency Funds				*			

Budget Process

Development

Preparing and adopting an annual budget is the most important responsibility of the commission and its management team. A budget is an operating plan that identifies likely sources and uses of resources and helps assess the effect they have on the City's financial position.

Benefits of budgeting includes:

- Providing the authority to levy taxes
- Providing spending authority
- Implementing Commission policies and priorities
- Providing an opportunity to monitor and adjust activities as necessary
- Acknowledging and complying with legislative requirements

The City of Leavenworth's budget process is a cooperative effort between the City Commission, City Manager, Finance, and Department Directors. In April 2018, the Commission met with the City Manager and each Department Director to establish the goals for 2019. These goals, which are discussed in more detail in the section on Community Focus on page 27, are the basis for the 2019 budget. The goals focused on the following activities:

- Economic development
- Community improvement
- Public Safety
- Infrastructure
- Outreach and Transparency

Budgeting Basis

The City budgets according to Kansas cash basis budget laws (K.S.A. 10-1116), which requires that cash be on hand before incurring an obligation. The City maintains its financial system in such a manner that ensures compliance with those laws and with generally accepted accounting principles (GAAP). Kansas budget law requires that the annual budgeted resources and uses be balanced, but allows the use of un-appropriated cash carryover to balance the budget, if necessary. However, the City is committed to maintaining an acceptable minimum reserve level, therefore, only the portion of unrestricted cash balances that exceeds the minimum reserve level identified in the City's Budgetary Reserve Policy will be used to offset shortfalls between anticipated revenues and expenditures.

The annual budget is a line item budget that shows anticipated revenues and expenditures by fund, function, department, division, category, and object. The budget document itself, contains the prior year (2017) actuals, current year (2018) estimates, and the adopted budget for the 2019 year.

Kansas budget law requires that the General Fund, Special Revenue funds, Debt Service funds, and certain Enterprise funds be budgeted, unless exempted by specific statute. Statutory exemptions exist for all Capital Project funds, Fiduciary funds, certain Special Revenue funds, and certain Proprietary funds. The City budgets twelve governmental funds, three enterprise funds, and four fiduciary funds. The budgeted governmental funds do not include two capital project funds, five grant funds, and one fiduciary fund, (although they are budgeted internally to show compliance with federal grant requirements and for internal control purposes) which are included in the audited annual financial statements.

The following table shows the City funds, some of which are budgeted and some of which are not:



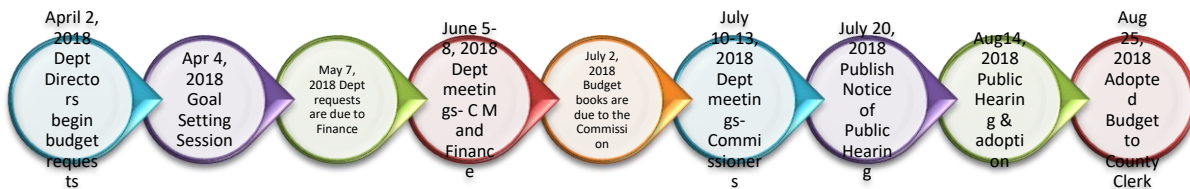
While Capital Projects funds are not required to be budgeted, City staff prepares and presents a separate five-year capital project plan to the City Commission for approval every year. The capital improvement plan is included in Appendix A on page 143 of this document.

Budget Calendar

Kansas Statutes require that the governing body must notify the public and conduct a public hearing for the purpose of answering questions of taxpayers about the budget. The public hearing is an opportunity for citizens to have input into the budget. The Notice of Public hearing must be published along with a summary of the proposed budget at least ten days prior to the public hearing.

2019 Budget Calendar:

- April 2, 2018 Department Directors begin budget requests
- April 4, 2018 Goal Setting Session with Commission
- May 7, 2018: Department requests are due to Finance
- June 5-8 2018: Department meetings with City Manager and Finance
- July 2 2018: Budget Books to Commission
- July 10-13, 2018: Department meetings with Commissioners
- July 20, 2018: Publish the Notice of Public Hearing
- August 14, 2018: Public Hearing and adoption of the 2018 Budget
- August 25, 2018: 2019 Adopted budget to the County Clerk



Budget Amendment Process

The level of budgetary control is at the fund level. Expenditures cannot legally exceed the appropriated fund amount. Municipalities are authorized by K.S.A. 79-2929a to amend budgets to spend money not in the original budget. The additional expenditures must be made from existing revenues and cannot require additional tax levies. Before amending the budget, revenues should be analyzed to ensure the revenue source is required to be included in the budget. A budget amendment is not required if the receipt comes from a source exempt by statute from the budget law. Federal and state grants do not require a budget amendment.

If a budget amendment is necessary, there must be a notice of public hearing similar to the original budget process. Ten days after the notice of public hearing has been published, the public hearing is held and the governing body may approve the amendment. Amendments to the budget can be made throughout the year, but all budget amendments that are going to be made must be completed by December 31st of the current year.

Basis of Accounting

Although the budget is prepared in accordance with Kansas cash basis budget laws, the annual reports for the governmental funds are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to pay current liabilities. Expenditures are recognized when the liability is paid. Interest on general long-term debt is recognized when due. Enterprise funds are reported on an accrual basis.

The City has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the year ended December 31, 2016, which is the 23rd consecutive year the City has received this prestigious award.

Basis of Reporting

Department Directors have access to their department financial information at all times and are responsible for monitoring their budget status and notifying Finance of corrections or unseen events that will require budget changes. In addition, Finance reviews the entire organization's budget to actuals on a monthly basis. The Finance director reports monthly to the City Manager. Financial reports are made available to the commission upon request, but no less than semi-annually.

2019 Adopted Summary of All Budgeted Funds

	Governmental Funds				Proprietary Funds	Totals
	General Fund	Debt Svc Fund	Non-Major	Fiduciary	Public Utilities	
	Major	Major	Funds	Nonmajor	Major	
Revenues:						
TOTAL TAXES	\$ 15,403,909	\$ 1,849,266	\$ 7,548,335	\$ 1,317,682	\$ -	\$ 26,119,192
TOTAL INTERGOVERNMENTAL	\$ 117,150	\$ -	\$ 1,221,300	\$ -	\$ -	\$ 1,338,450
TOTAL LICENSES & PERMITS	\$ 400,495	\$ -	\$ -	\$ -	\$ -	\$ 400,495
TOTAL CHARGES FOR SERVICES	\$ 2,375,409	\$ -	\$ 777,943	\$ -	\$ 6,963,217	\$ 10,116,569
TOTAL MISCELLANEOUS	\$ 331,042	\$ -	\$ 32,776	\$ 3,400	\$ 8,100	\$ 375,318
TOTAL SPECIAL ASSESSMENTS	\$ 65,000	\$ 78,418	\$ -	\$ -	\$ -	\$ 143,418
TOTAL REVENUE	\$ 18,693,005	\$ 1,927,684	\$ 9,580,354	\$ 1,321,082	\$ 6,971,317	\$ 38,493,442
Expenditures:						
TOTAL PERSONNEL	\$ 15,093,984	\$ -	\$ 2,008,077	\$ 145,595	\$ 2,041,869	\$ 19,289,525
TOTAL CONTRACTUAL	\$ 3,269,001	\$ -	\$ 3,148,982	\$ 1,184,600	\$ 2,566,543	\$ 10,169,126
TOTAL COMMODITIES	\$ 1,124,040	\$ -	\$ 392,475	\$ -	\$ 744,025	\$ 2,260,540
TOTAL CAPITAL OUTLAY	\$ 37,305	\$ -	\$ 865,931	\$ -	\$ 1,042,805	\$ 1,946,041
TOTAL DEBT REPAYMENT	\$ -	\$ 3,710,227	\$ 97,590	\$ -	\$ 899,073	\$ 4,706,890
TOTAL RESERVES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 19,524,330	\$ 3,710,227	\$ 6,513,055	\$ 1,330,195	\$ 7,294,315	\$ 38,372,122
Net Revenues Over (Under) Expenditures	\$ (831,325)	\$ (1,782,543)	\$ 3,067,299	\$ (9,113)	\$ (322,998)	\$ 121,320
Other Financing Sources (Uses):						
Transfers In	\$ -	\$ 1,654,805	\$ 480,000	\$ -	\$ 10,000	\$ 2,144,805
Transfers Out	\$ (181,000)	\$ -	\$ (4,175,320)	\$ -	\$ (10,000)	\$ (4,366,320)
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	\$ (181,000)	\$ 1,654,805	\$ (3,695,320)	\$ -	\$ -	\$ (2,221,515)
Net Increase (Decrease) in Fund Balance	\$ (1,012,325)	\$ (127,738)	\$ (628,021)	\$ (9,113)	\$ (322,998)	\$ (2,100,195)
Beginning Cash Balance	\$ 4,092,901	\$ 254,594	\$ 3,954,165	\$ 671,793	\$ 1,374,805	\$ 10,348,258
Projected Ending Fund Balance	\$ 3,080,576	\$ 126,856	\$ 3,326,144	\$ 662,680	\$ 1,051,807	\$ 8,248,063
% Change	-24.73%	-50.17%	-15.88%	-1.36%	-23.49%	-20.30%

Major changes in the fund balances are projected for the following funds:

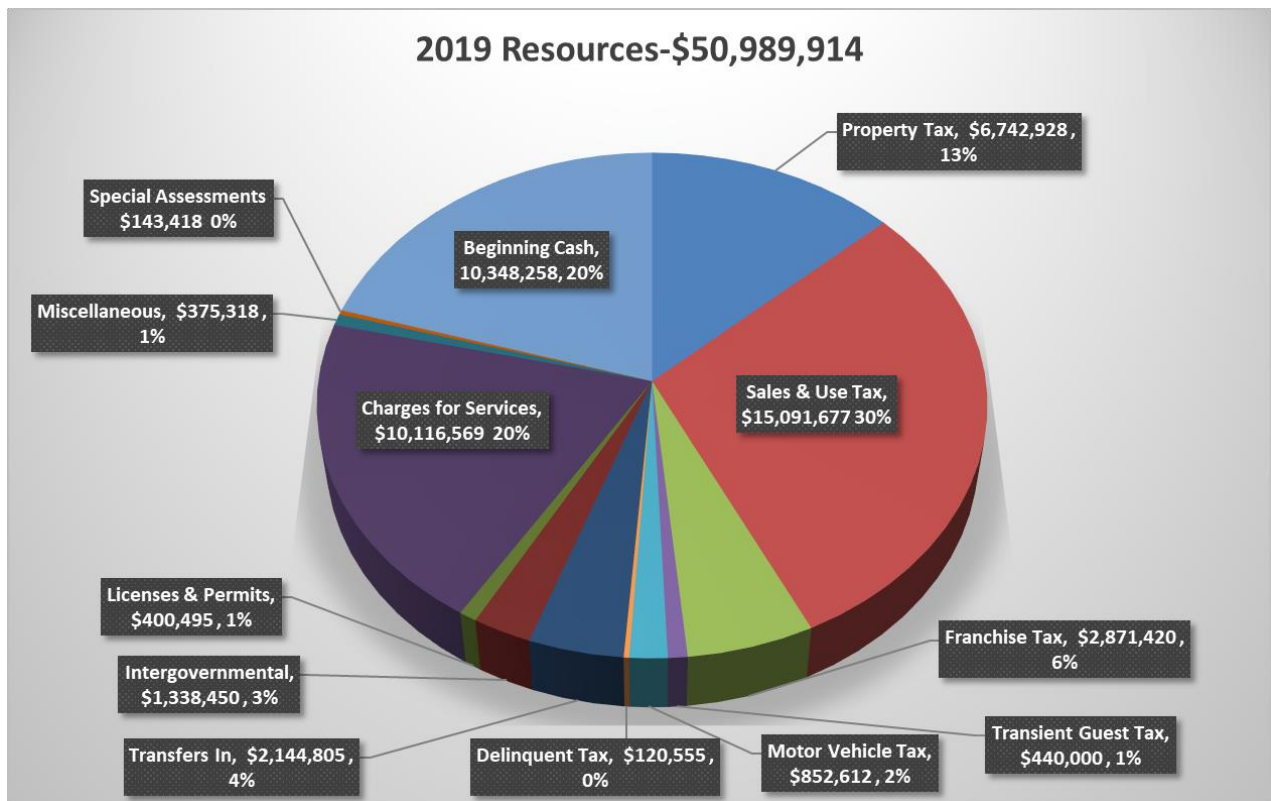
- 1) General Fund is budgeted to use \$1,012,325 of the beginning cash balance in 2019. The City's fund balance is healthy and this amount is used to balance the budget rather than increase the mill rate. However, it is hoped that it will not be necessary to use this because the health insurance rate increase came in lower than budgeted; the transfers to the street and recreation funds may not be necessary; 2018 expenses may come in lower than anticipated; and employee turnover may result in lower personnel costs. The planned changes are 1) partially funding two new positions-Community Development Director and GIS Technician; 2) one-time recodification of City ordinances; 3) one-time transfer to the recreation fund; 4) one-time funding for increased data storage for increased usage of

public safety technology; 5) one-time funding for specific community appearance projects related to commission goals.

- 2) Debt Service Fund is budgeted to use \$127,738 of beginning cash balance in order to keep the debt service mill the same as 2018.
- 3) Non-major funds are budgeted to spend down some fund balance. The main change is in transfers to capital projects and debt service. During 2018, temporary notes were issued for a bridge project and the notes are going to be repaid from capital projects. Also during 2018, general obligation bonds were issued for the development of a new Business and Technology Park. The bond and interest payments are going to be paid from the capital projects fund.
- 4) Proprietary Funds were budgeted with a 5% increase in Sewer rates and an 8% increase in Refuse rates. However, these increases are to address specific issues. During 2018, the Sewer fund purchased a vacuum truck and issued a three-year capital lease to pay for it. Debt payments for the truck are \$133,950 per year. The Refuse fund had a five-year replacement plan established to replace sanitation trucks every other year. During the recession, that plan was set aside. In order to get back on the replacement schedule, a sanitation truck must be purchased in each of the next three years. Other capital outlay increases are due to the necessity of replacing sewer lines. The current region for sewer line repairs is the oldest section of town and the condition is such that it's more replacement than repair. The lines are significantly deeper than other areas so the replacement costs are higher. During 2018, the City engaged a firm to do a rate study, however, at the time of the budget preparation, the results were not presented to the Commission for consideration, therefore; they were not included in the 2019 proposed budget.
- 5) Transfers Out and Transfers In do not equal because some of the transfers are to non-budgeted funds.

Total Budgeted Resources

The City's total 2019 resources is \$50,989,914. Of this amount, \$2,144,805 comes from Interfund Transfers, and \$10,239,794 comes from prior years' funds, \$15,091,677 comes from sales and use taxes, \$10,116,569 comes from Charges for Services, \$6,742,928 comes from property taxes. While the City receives revenue from a variety of sources, seventy-five percent of revenue is collected into one of six main funds: The General Fund, the Sewer Fund, Debt Service Fund, County Wide Sales Tax, CIP Sales Tax, and Refuse Fund. The following chart shows the City's total 2019 budgeted revenues by source and the percentage of total revenues each source represents:



Of the many sources of revenues available to the City, the four main sources are Sales Taxes, Charges for Services, Property Taxes, and Franchise Taxes, in that order.

Sales and Use Taxes:

Sales Taxes are taxes paid on the sales of certain goods and services. Use taxes are sales tax on purchases made outside of the state of residence for taxable items that will be used, stored, or consumed in the state of residence of the purchaser and which no tax was collected in the state of purchase. In June 2018, the Supreme Court overturned a 1992 ruling that exempted internet sales from collecting sales tax and gave states the authority to collect sales taxes on e-commerce companies just as they do any other retailer, whether they have a physical presence in the state or not. It is estimated that cities and counties in Kansas could benefit from an additional \$32 million per year. Proponents note that it is not an additional tax; it is just collecting what is already due. Those opposed state that it would negatively impact small businesses who rely heavily on e-commerce.

The Kansas legislature adopted legislation designed to comply with requirements of the Streamlined Sales Tax Project. The Streamlined Sales Tax Project is a combined effort among states and businesses to establish uniformity in states' sales tax laws and addresses concerns related to merchants collecting and remitting sales tax on remote sales. Retailers are required to use destination-based sourcing to identify sales taxes to collect and remit on their sales.

Currently, sales and use taxes are the City's leading source of revenue at thirty percent. It is also the most susceptible to fluctuations due to economic conditions, which makes it difficult to project. The large federal presence from the Fort, Dwight D. Eisenhower Veteran's Medical Center, the military disciplinary barracks, and the U. S. Federal Penitentiary stabilizes the revenues from this source.

The State of Kansas caps all cities' sales tax rate at 2%. The City of Leavenworth's sales tax rate is two percent. In 1977, the Commission passed Ordinance 6393 that created the original permanent ½ percent sales tax. In 1984, Ordinance #26 passed increasing the sales tax by another permanent ½ percent. Then in 2014, the citizens voted to increase the City sales tax by another one percent in order to stabilize the property tax levies (Ordinance #7943). There are Community Improvement Districts (CIDs) located within the City which are allowed to, and do, charge an additional amount above the City's two percent sales tax, however, those revenues are not available for operations and, therefore, are only included in this discussion because the City receives and disburses those taxes to the recipient.

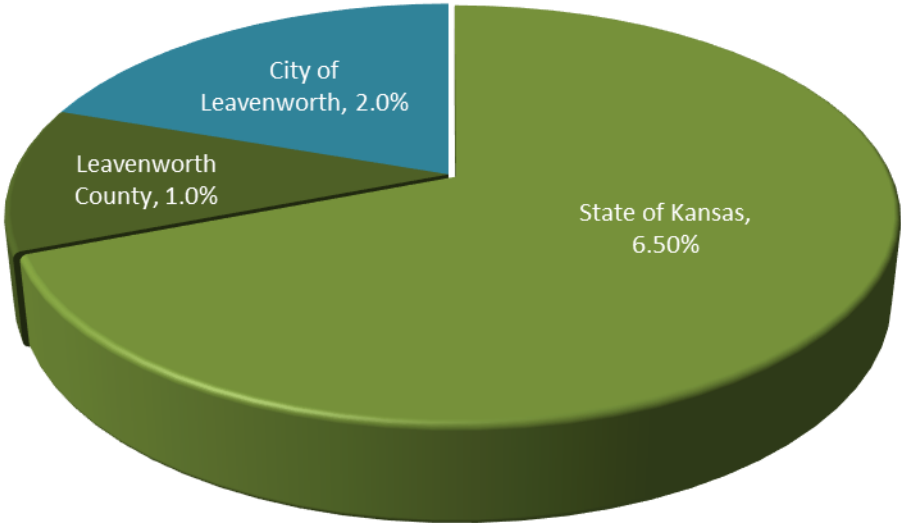
There are several TIF districts also located within the City, which receive rebates of a portion of the sales tax their business generates. These are also not available for operations and therefore, are only part of this discussion because the City receives and disburses those taxes to the recipient. These economic development incentives are discussed in more detail on page 177 of this document.

In 2015, the citizens passed the ballot for one percent County Wide sales tax. The City receives a portion of the County Wide sales tax, as does each city within Leavenworth County. The Commission approved Charter Ordinance 54, which specifies how the City's portion of the County Wide sales tax will be used.

The allocation of County Wide sales taxes is based on a formula of population and levied taxes. As mentioned earlier, in 2014 residents of the City of Leavenworth passed a permanent one percent sales tax in order to stabilize property tax levies. In 2015, the City reduced property tax mill rates by 21 mills. This reduction in mill rates resulted in a significant reduction (\$4 million) of the amount of property taxes levied, which reduced the amount of County Wide sales tax the City receives.

The overall sales tax rate for the City, excluding the CID's, is shown below:

Overall Sales Tax Rate - 9.50%



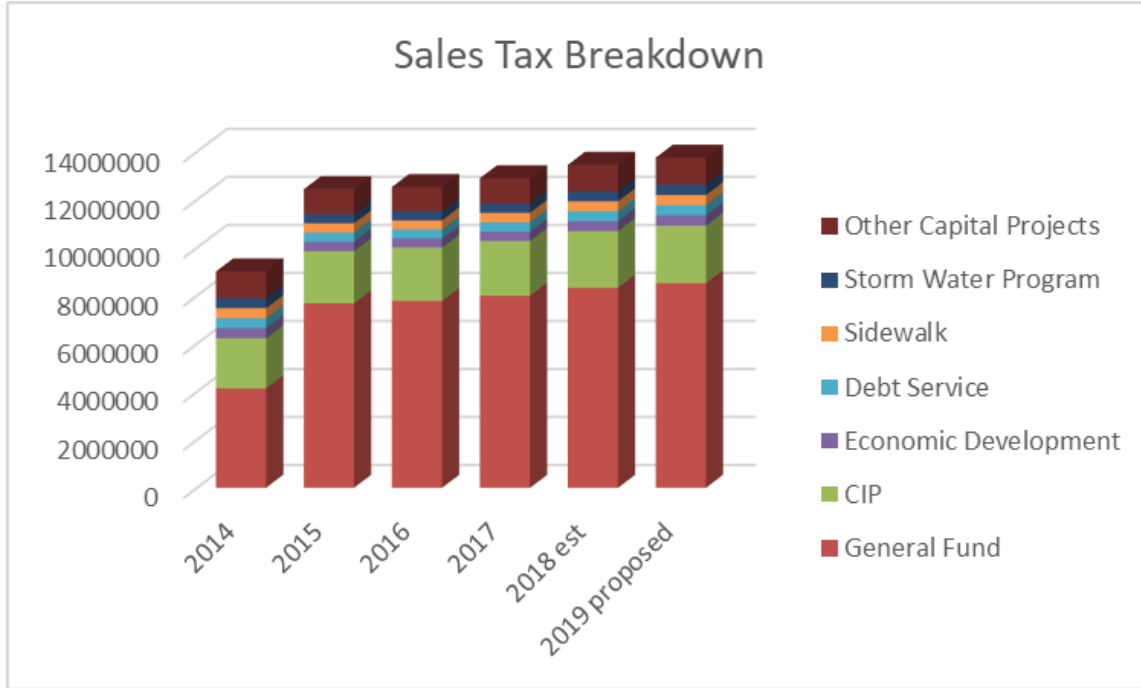
The City’s portion of the sales tax rate is 2.0 percent earmarked as follows:

General Sales Taxes In Leavenworth		
<u>Purpose</u>	<u>Rate</u>	<u>End Date</u>
General Operations	1.75	Ongoing
Capital Outlay	.25	Ongoing
TOTAL	2.00	

In addition to the general operations and capital outlay supported by general sales taxes, there are five programs funded by the County Wide sales tax, in accordance with Charter Ordinance 54. The Ordinance specifies that 15 % must be allocated for debt service. It also specifies what else it can be used for but does not state what the percentage of allocation must be. In practice the allocations have been:

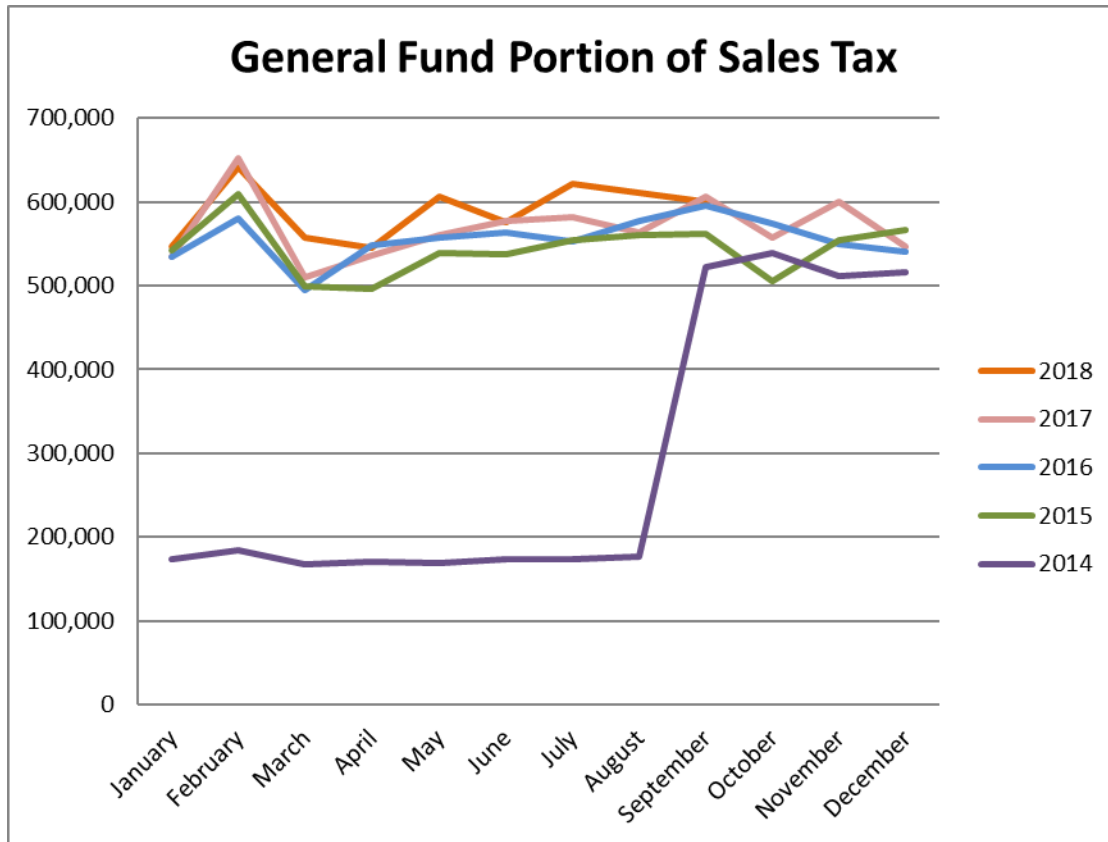
County Wide Sales Taxes In Leavenworth		
<u>Purpose</u>	<u>Rate</u>	<u>End Date</u>
Debt Reduction	.15	2035
Sidewalk Program	.15	2035
Economic Development	.15	2035
Storm Water Program	.15	2035
Capital Outlay	.40	2035
TOTAL	1.00	

The following graph shows the breakdown between resources available for operations and capital projects.

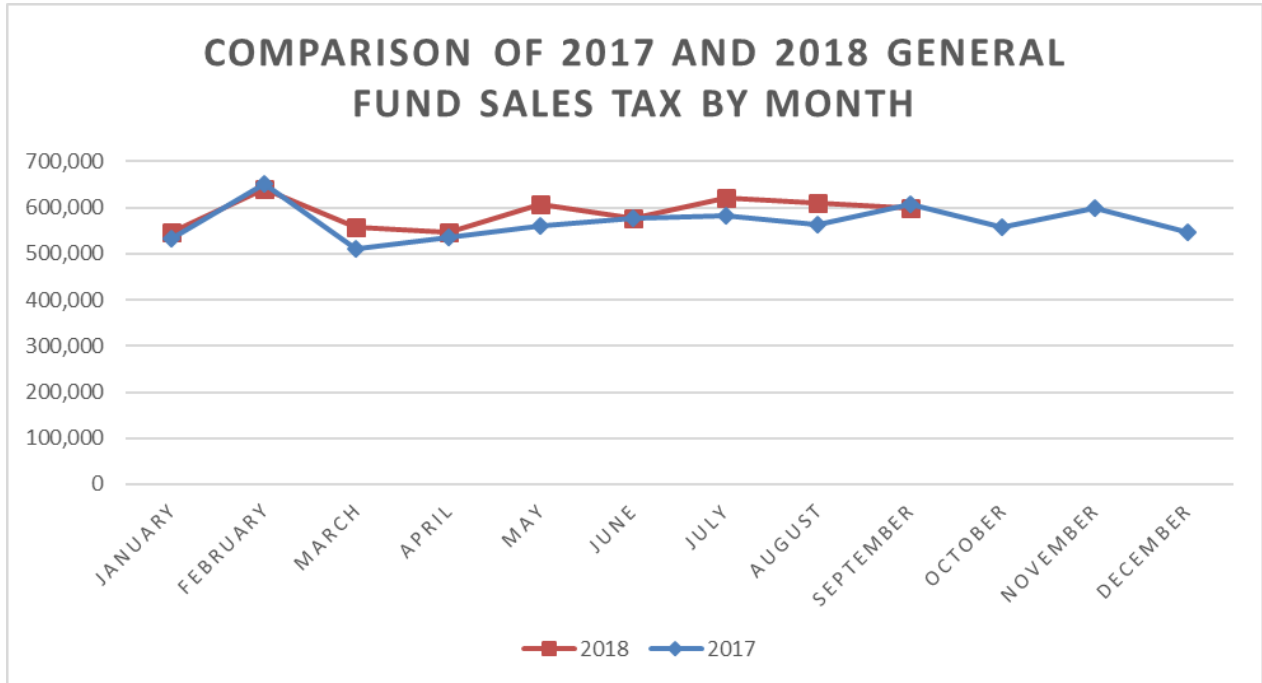


The 2019 budget includes \$15,091,677 of sales tax; of that amount, \$1,340,253 is related to TIF incentives, and not available for operations. The 2018 estimates are based on annualized actuals received through August 2018.

The graph below shows the trend of sales tax receipts since 2014. Prior to August of 2014, the sales tax rate was one (1) percent. However, the monthly fluctuations are still discernable. 2015 through 2017 show the same monthly trends as 2014 until October. Subsequent years show the same activity throughout the year.



The following chart, while showing the same trends, also shows the relationship between 2017 actuals and the higher levels of 2018 year to date actuals. The sales taxes for January and February were similar for 2017 and 2018. The drop off in March was still apparent, but receipts didn't drop off as significantly in 2018 as they did in 2017. That trend has remained the same for all of 2018 through September.

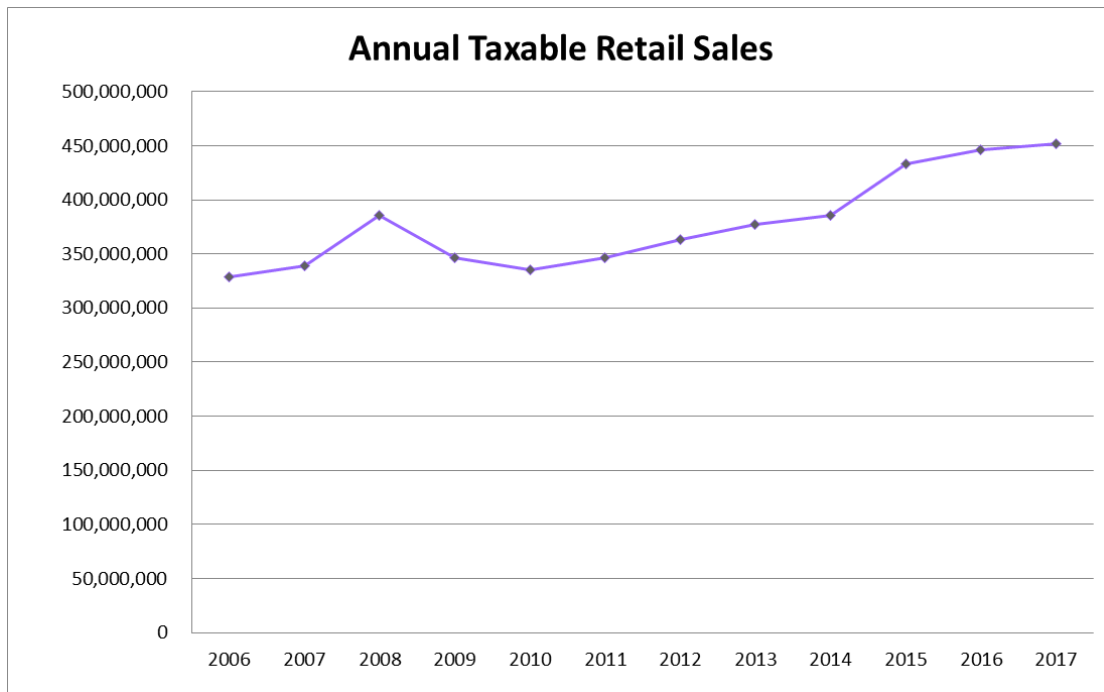


Taxable retail sales peaked in 2008, steadily declined through 2010, then began steadily increasing in 2011. Between 2014 and 2015, the taxable retail sales increased sharply. This is coincidental to the additional one-cent sales tax, and most likely relates to the construction of two new hotels. Since then, taxable retail sales have steadily increased, though at a slower rate. Considering the totals also include costs of inflation, not all the growth is due to increased volume.

The long-term financial plan assumed a 2% increase in sales tax, but the 2017 increase was 2.83% and 2018 is trending to be about 4.4%.

The 2019 budgeted sales tax revenues are estimated to be 3.5% based on historical trends.

The following graph shows the annual taxable sales for 2006-2017:



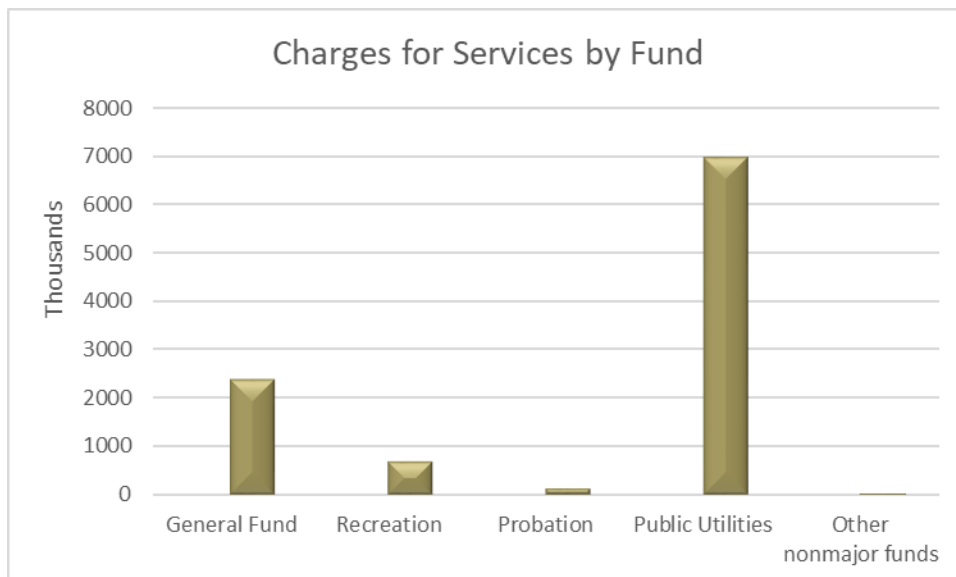
Source: KDOR

Charges for services

Charges for services are the second leading resource for the City at twenty percent of total revenues. These are consumption based and include such things as parks and recreation user fees, sewer and refuse fees, probation fees, and various general fund charges for services including administrative fees and court fees among others.

The estimate for the 2019 charges for services is \$10,116,569 and is based on historical trends, a five percent increase in sewer rates, and an eight percent increase in refuse rates. As mentioned earlier, the City engaged a consultant firm to perform a sewer rate study during 2018. However, the results were not presented to the Commission in time for inclusion in the 2019 budget process.

The City engages a third party to provide billing services for the sewer and refuse billings. The third party reduces the remittance of collections to the City by the amount of their fee. Historically, this was not included in the budget but is included in the Comprehensive Annual Financial Report (CAFR). In order to comply with the transparency goal established by the commission, the 2019 budget includes the revenues and expenditures associated with this transaction.

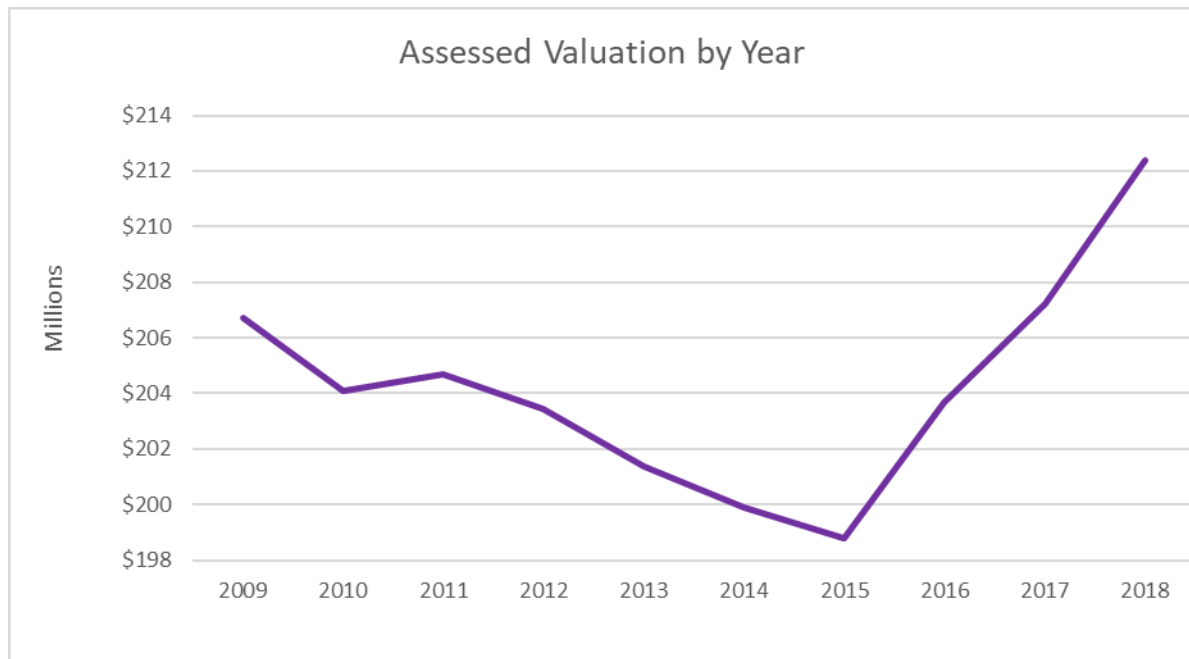


Property Taxes

Property taxes are an ad valorem tax meaning according to value. There are two components to City property taxes: property values, which are determined by the County Assessor and mill levy rates, which are set by the City. The City determines the level of services for the upcoming year and sets the property taxes at an amount that will pay for those services. Property taxes are the City's third largest source of revenues at thirteen percent.

As mentioned earlier, the City has a strong federal presence that stabilizes the City's financial position. The properties where these facilities are located are exempt from property taxes and therefore, not considered part of the assessed valuations. While federal properties are not part of the assessed valuation, this does not add an undue burden on the City because the City does not maintain the facilities or infrastructure on the federally owned properties. In addition to the federally-owned properties, there are other types of tax-exempt properties, such as state, county, city-owned properties; neighborhood revitalization areas (NRA's); tax increment financing (TIFs) areas; churches; and schools. Therefore, large sections of the City's incorporated area are not included in the assessed valuation.

Assessed valuations peaked in 2009 with a higher estimate for 2010 than was realized. Beginning in 2009, valuations driving the property tax collections experienced a significant decrease through 2010. 2011 increased a little, but after that, assessed valuations dropped significantly even with predictions of economic recovery, until 2016. While the 2016 valuation did not reach the 2009 levels, it is the first time in five years that it did not decrease. Since the housing crisis, lending practices have tightened, housing prices have stabilized, and the economy has continuously recovered. Although unemployment continues to fluctuate, it has remained lower than the 2009 levels. The 2018 valuations used to calculate the property taxes for the 2019 budget increased from \$207,179,358 to \$212,395,600. This is approximately 2.5% higher than the previous year; estimates in the long-term plan are based on a 1.2% increase in valuations.



The second component of property taxes is the mills levied. During the period of 2008 through 2010 when the valuations declined, the mill levy for the City did not increase to compensate for the reduction in property values. As mentioned earlier, in 2014 the Commission placed a one percent sales tax on the ballot for approval by the public. This allowed the City to reduce the total mill levy by twenty-one mills. Because the election took place too late to adjust the 2014 mill, the decrease in mills took place in 2015, as shown below.

For the 2019 budget, one mill generates approximately \$212,396. Historically, the City collects approximately ninety-seven percent of the taxes levied.

Valued for	Valuation	Mill Rate	Tax Dollars Collected
2014	\$ 199,870,247	52.029	10,133,604
2015	\$ 198,767,953	31.023	6,038,709
2016	\$ 202,499,606	31.027	6,117,804
2017	\$ 203,654,933	31.343	6,383,157
2018	\$ 207,227,412	31.343	6,300,166 (est.)
2019 (budgeted)	\$ 212,395,600	31.747	6,540,635,419 (budgeted.)

In 2017, the mill increased from 31.027 to 31.343 in order to provide probation services to our citizens, which the City did not provide before. This service will continue indefinitely and is included in the 2019 budget in its own special revenue fund. As can be seen in the graph above, the budgeted mill for 2018 was the same as 2017. The 2019 mill increased slightly from 2018. The mill for City operations stayed the same; the increase is due to an increase in the Library’s Employee Benefit fund, which is a pass-through. The Library is a component unit of the City, however; the City does not maintain the financial records of the library.

Understanding the Mill Levies and Taxing Units

A “mill” is equivalent to one-thousandth of a dollar (\$1 of tax per \$1,000 assessed valuation). Taxing units (cities, counties, school districts) identify their mill levy or tax rate as the maximum rate that can be applied against property valuation to provide revenue for the taxing unit for the budget. For the 2019 budget, the City of Leavenworth will assess a maximum mill levy rate of 31.747. Taxpayers can use a formula to determine their total tax burden for Leavenworth.

The following chart helps to describe the formula used for a \$150,000 residential property to determine total taxes due for Leavenworth for the 2019 budget year:

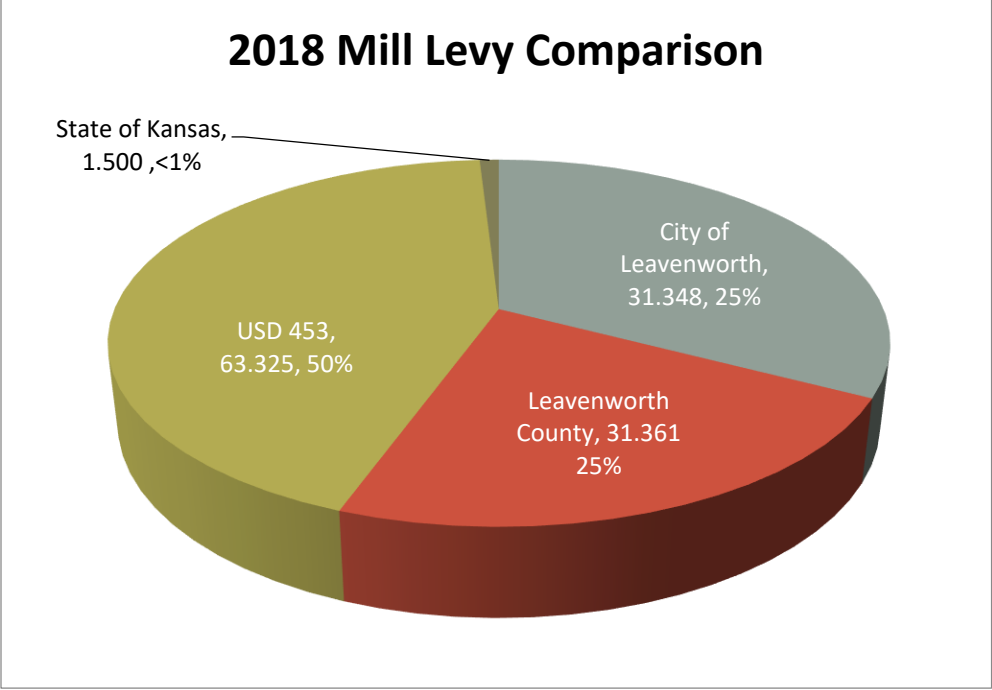
2019 Formula

Appraised Value		Residential Assessment Rate (Percentage)		Total Levy Rate (Mills/1,000)		Total Due (Dollars)
\$150,000	X	11.5%	X	.031747	=	\$547.63

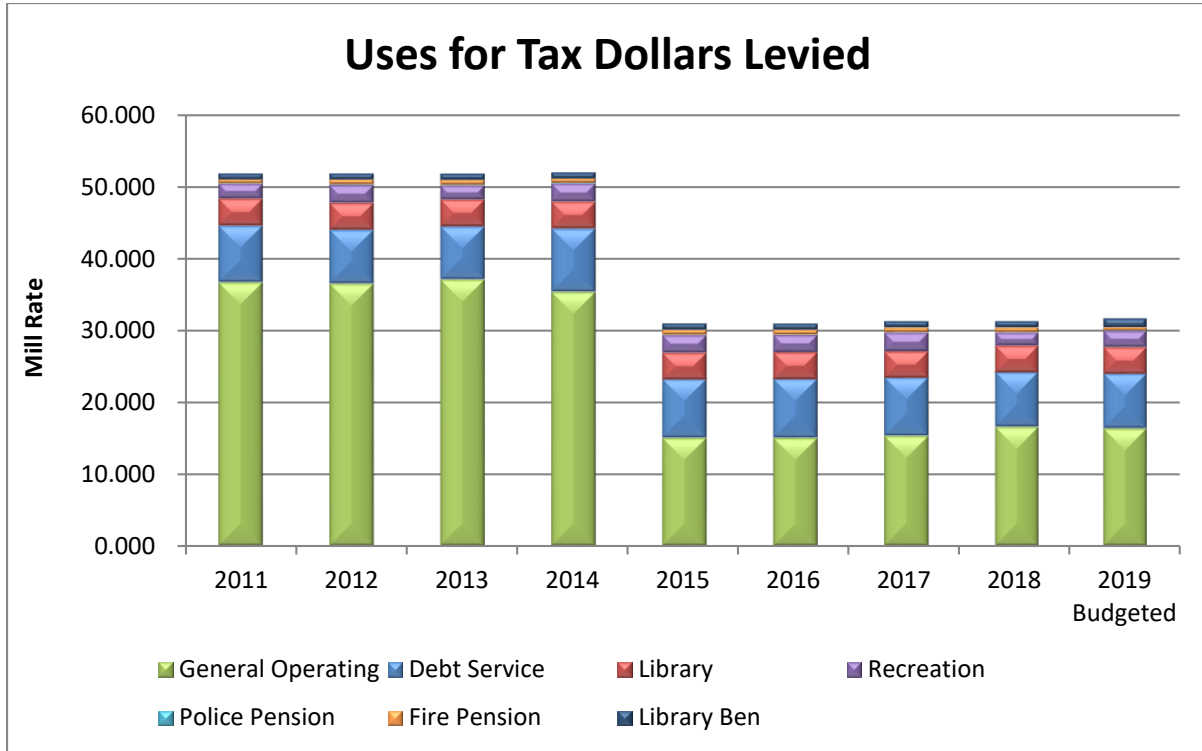
Several factors affect the amount of ad valorem taxes actually available for use:

- Current valuation increases that are in the Neighborhood Revitalization Areas (NRAs) and Tax Increment Financing (TIF) Districts, do not increase the amount of revenues available for operations; the NRA taxes are estimated to be about \$100,000 (about ½ of the amount one mill generates) and are refunded to the property owners. The property taxes generated in the First City Hotel district are paid into an escrow account to pay for the bonds issued to pay for site preparations for the second hotel in the district, therefore, these are not available for operations. In the interests of the transparency goal established by the Commission, the 2019 budget includes both the property tax revenue and expenditures related to the NRAs and TIF’s.
- Current economic development activities such as the new Business and Technology Park and a several new housing developments-both single-and multi-family dwellings are anticipated to increase the City’s tax base, but not in time to be considered for the 2019 budget. The Business and Technology Park was completed in 2018, but currently there are no tenants or purchases, and construction in the housing developments began in 2018, but is, at present, unable to be quantified.
- Legislation has imposed a property tax lid that limits the amount of revenues that can be generated through increased valuations without reducing the mill rate, unless placed on a ballot and voted on by the public. This was effective beginning with the 2018 budget. The 2019 budget is the second year the tax lid is in effect. The timing required to accomplish this, should an election be required, most definitely forces a long-term financial plan in order to anticipate whether a vote would be required early enough to get a question on the ballot and still meet Kansas budget laws deadlines. It also implies the necessity of creating two budgets, one in case the ballot passes; one in case it does not. Fortunately, the City was able to meet its 2018 and 2019 funding requirements without raising the mill, cutting services, or seeking an election.

The City receives only a portion of the property taxes paid by residents. The State of Kansas, Leavenworth County, and Unified School District #453 also assess taxes on property:



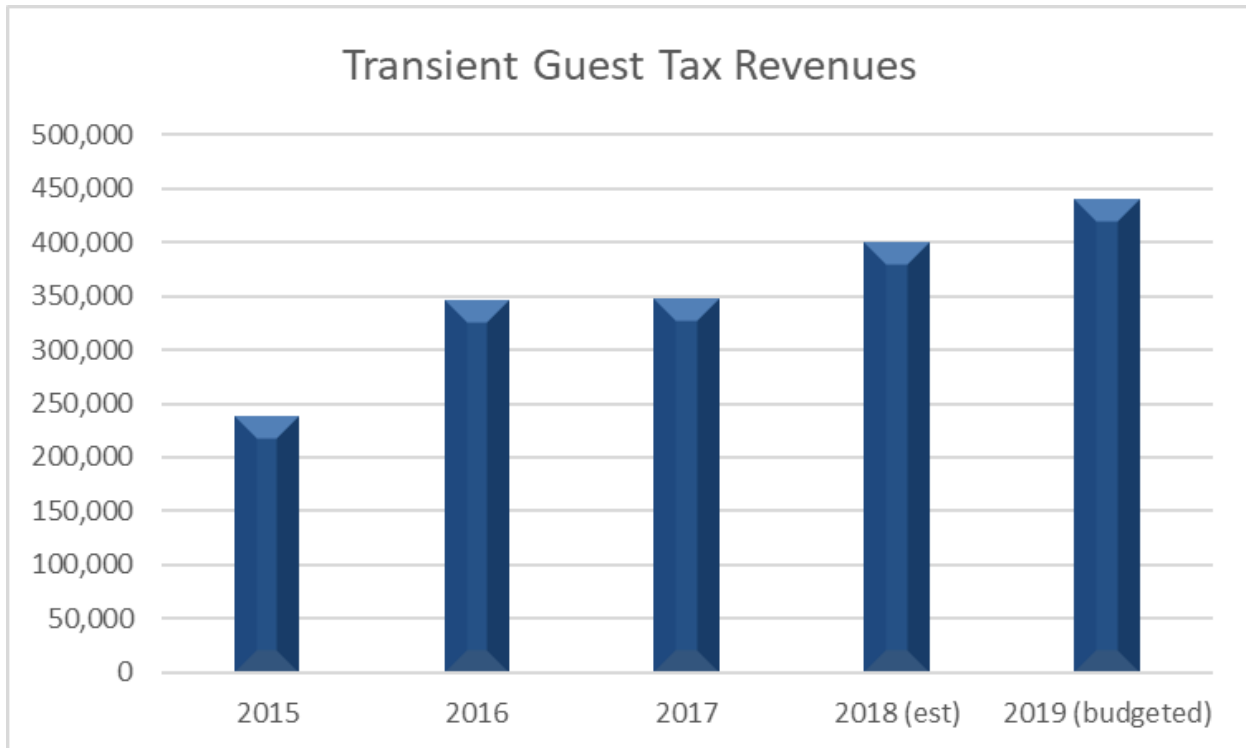
The following graph shows the breakdown of the uses of City property taxes levied:



Transient Guest Tax

These are taxes imposed on hotel or other lodging guests. The City levies an 8% guest tax, which became effective in 2015. Prior to 2015 the Convention and Visitor’s Bureau (CVB) was an independent entity. In 2015, the City incorporated the CVB as a function within the City. At that time, the CVB employees became City employees and receive full City benefits. The CVB function is fully self-supported and with the addition of the new hotels, the revenues have steadily increased.

When the 2019 budget was prepared, the revenue trends for guest tax indicated a modest increase and the 2018 estimate was based on those trends. Therefore, 2019 revenues were estimated conservatively, but with the knowledge that the newest hotel was due to open at the end of 2018. Subsequent to the Commission approving the estimated budget for 2018 at \$350,000, indications are that the 2018 actuals were under-estimated by about \$50,000.



Motor Vehicle Allocations

All monies received from taxes levied upon motor vehicles under the provisions of K.S.A. 79-5101 through 79-5115 are allocated to the taxing unit in which the motor vehicle is located, per K.S.A. 79-5109. The amount budgeted each year is allocated to each fund that levies property taxes. The County Treasurer calculates the amount each fund receives as a percentage of the previous year's ad valorem tax levy. For 2019, the City budgeted \$851,612 to be allocated as follows:

Allocation of MV, RV, 16/20M, Commercial Vehicle, and Watercraft Tax Estimates

Budgeted Fund for 2018	Ad Valorem Levy Tax Year 2017	Allocation for Year 2019				
		MVT	RVT	16/20M Veh	Comm Veh	Watercraft
General	3,437,745	429,452	3,775	761	17,289	0
Debt Service	1,581,891	197,614	1,737	351	7,956	0
Library	777,113	97,079	853	172	3,908	0
Library Employee Benefit	174,891	21,848	192	39	880	0
Recreation	377,498	47,158	414	84	1,899	0
Police Pension	12,477	1,559	14	3	63	0
Fire Pension	133,401	16,665	146	30	671	0
TOTAL	6,495,016	811,375	7,131	1,440	32,666	0

County Treas Motor Vehicle Estimate	811,375				
County Treas Recreational Vehicle Estimate		7,131			
County Treas 16/20M Vehicle Estimate			1,440		
County Treas Commercial Vehicle Tax Estimate				32,666	
County Treas Watercraft Tax Estimate					0

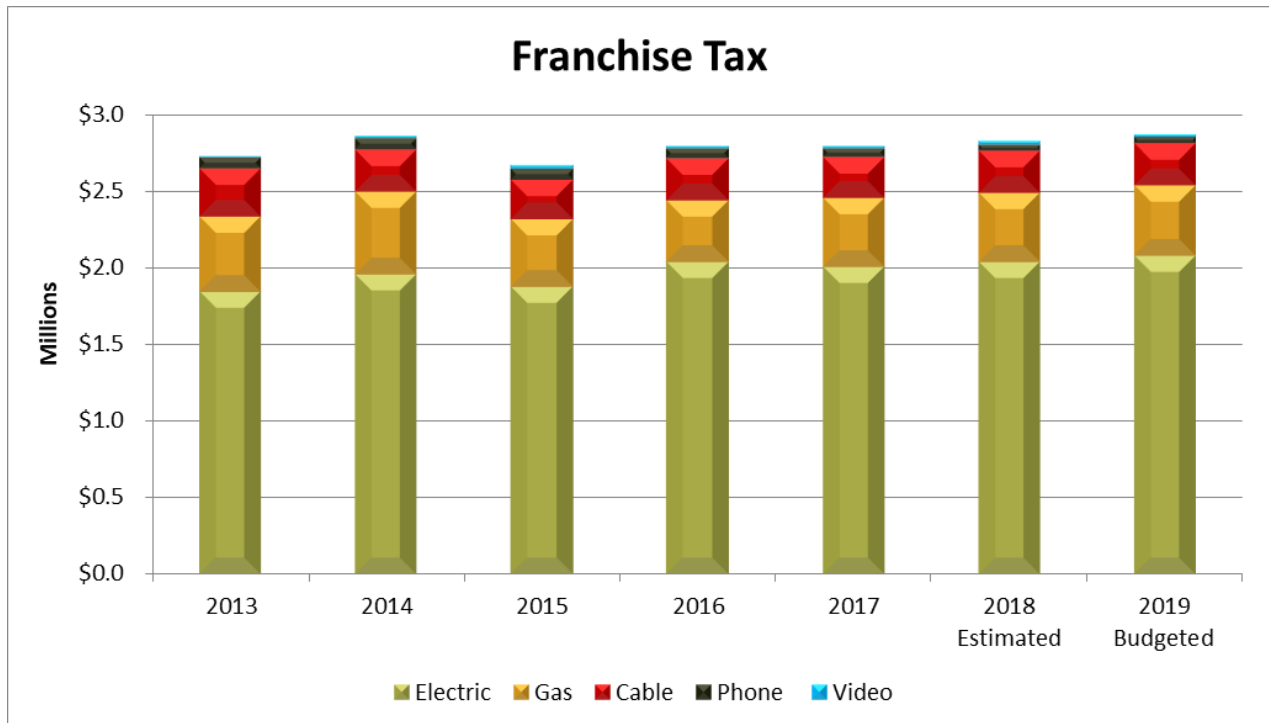
Motor Vehicle Factor	0.12492				
Recreational Vehicle Factor		0.00110			
16/20M Vehicle Factor			0.00022		
Commercial Vehicle Factor				0.00503	
Watercraft Factor					0.00000

Franchise Fees

Franchise fees are negotiated between utility companies and municipalities for the right to use public right of ways. Usually the fees are based on a percentage of gross receipts. The maximum is five (5) percent; the City agreement is at five (5) percent. The City of Leavenworth has franchise agreements with the following types of utilities:

- Electric
- Gas
- Cable
- Telephone
- Video

Franchise fees are volatile, but their unpredictability is based on climatic conditions and the commodities market rather than housing and the economy. Based on the mild climate of the past two years, gas franchise fees are projected to remain relatively flat until 2021. The electric franchises are estimated to be 5% higher than previous years based on historical trends and the rate increase imposed by the electric utility company. The estimates for Cable, Phone, and Video are estimated to be relatively flat. In the long-term plan, franchise fees were estimated to remain relatively flat through 2021. However, with added housing availability, the projections for 2020 and forward will be revised.



Intergovernmental Revenues

Intergovernmental revenues are those that come from other levels of government and are usually for a specific type of activity. This source provides \$1,338,450 of revenues. The City receives Alcohol tax revenues from the State of Kansas. The state requires this revenue source to be allocated between three activities- 1/3 to Probation (drug and alcohol treatment); 1/3 to Recreation; and 1/3 to general operations.

The City also receives gas tax money from the state and a portion of the County's gas tax money. This is specifically for maintenance of roads and is budgeted in the Special Highway fund.

The General Fund receives Connecting Highway Link (KLINK) monies from the state.

Unencumbered Cash Carry Over

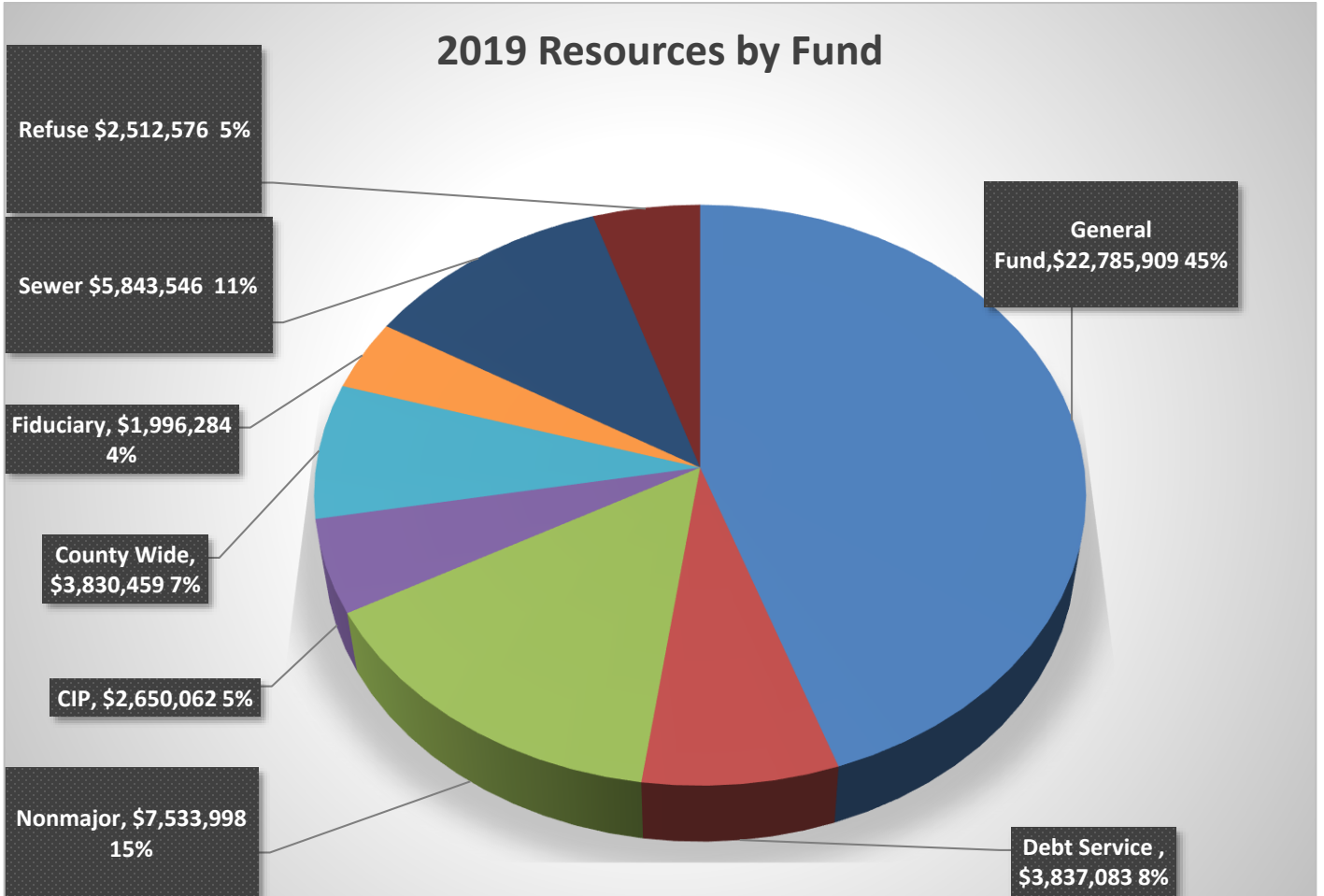
Of the \$10,348,258 of unencumbered cash carry over, approximately \$4.0 million is discretionary and \$6.2 million is restricted for a specific use by the State of Kansas or the City of Leavenworth. Some of the restrictions include the actuarial reserves of the police and fire pension funds, amounts held in reserves for the interest related to debt payments, economic development activities, tourism activities, and capital projects. The City classifies some of the reserves as operating reserves or capital reserves, in addition to the actuarial reserves mentioned above.

Other Resources

As mentioned in the Budgeting Basis section, the City has funding sources that are not required to be budgeted under Kansas Budget Laws, but there is an internal budget process to show compliance with federal grant guidelines and for internal control purposes. The City receives federal grant dollars used for moderate to low income and veterans housing, home repairs, blight removal, and assistance to social service agencies, such as children's Court Appointed Special Advocates (CASA), Aid to Domestic Violence, etc. These resources are not included on the state budget form but the Commission approves a budget resolution at the same time as it approves the operating budget.

The City also receives police grants and proceeds from properties and resources seized during police activities. These proceeds are not budgeted because they are unquantifiable; they are typically received once the case has been tried and settled in court, which can be many years after the arrest was made. Expenditures made from the seizure funds are mostly for equipment purchases; follow the City's purchasing policies; and if they exceed the expenditure authorization of the Police Chief, are approved by the City Manager or Commission prior to making the expenditure.

The following graph shows resource by fund.

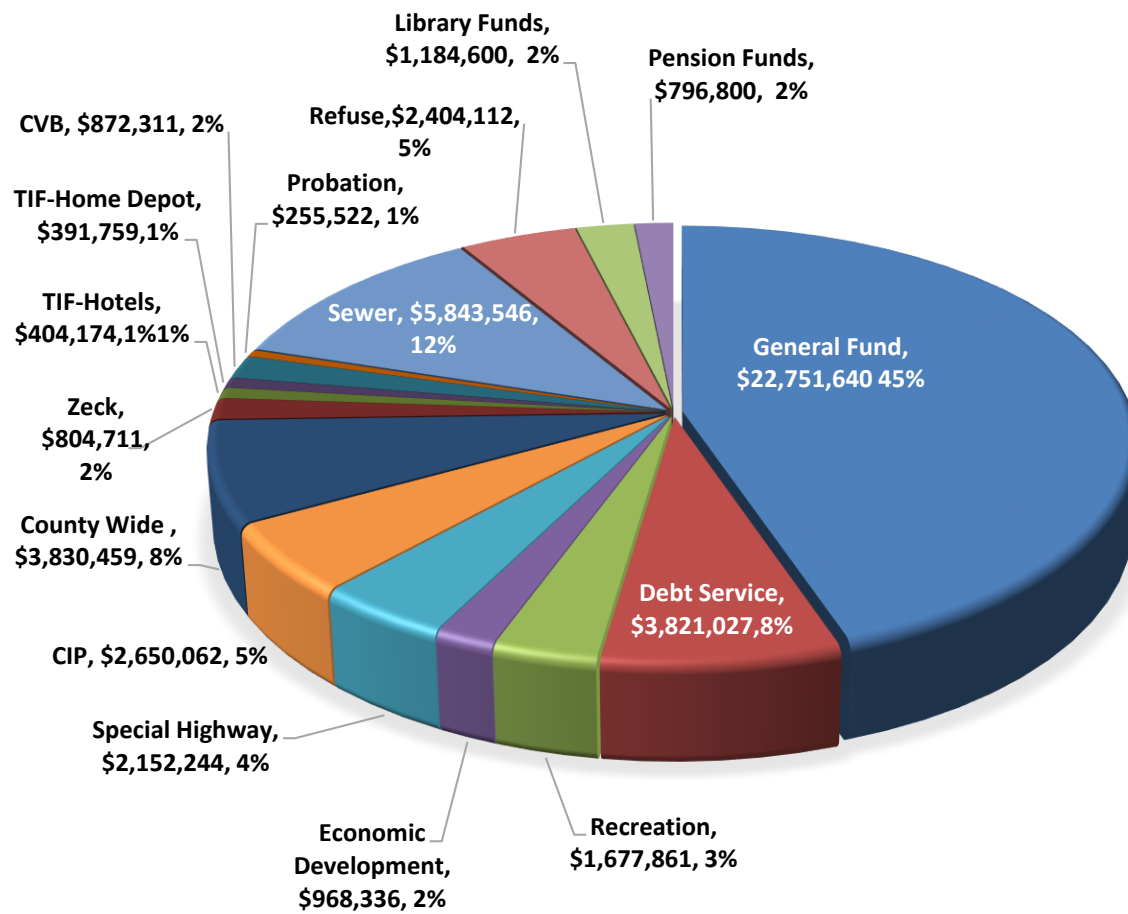


Total Budgeted Expenditures

The City's 2019 total budgeted expenditures are \$50,808,988. The general fund accounts for the largest percentage (45%) of total expenditures. This is to be expected since it funds the most costly services such as public safety, public works, administration of justice, and other administrative expenses.

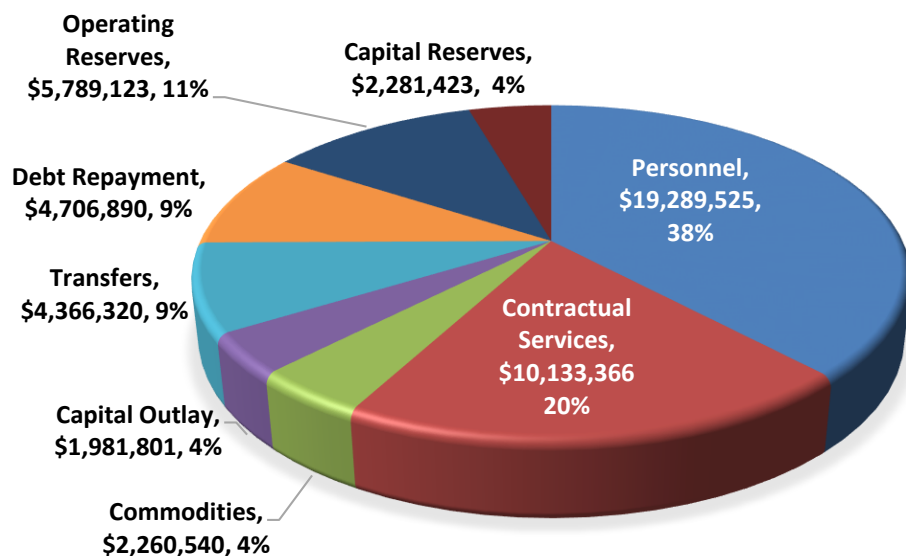
The 2019 budget includes a 1.4% increase in CPI.

2019 EXPENDITURES BY FUND-\$50,808,988



Of the budgeted expenditures, interfund transfers totals \$4,366,320 (nine percent). Most of these transfers are to the bond fund or to non-budgeted capital improvement funds for capital projects. Also included in this amount is a combined total of all funds' operating reserves, in the amounts of \$5,137,918; \$2,281,423 of capital reserves; and \$651,205 of pension reserves (ten percent, four and a half percent, and one percent, respectively). The reserves are a combination of available and restricted monies. Even though they are budgeted, there is no intention of spending them unless necessary, identified for a specific project, and allowed according to the Commission approved budgetary reserve policy.

2019 BUDGETED EXPENDITURES BY TYPE



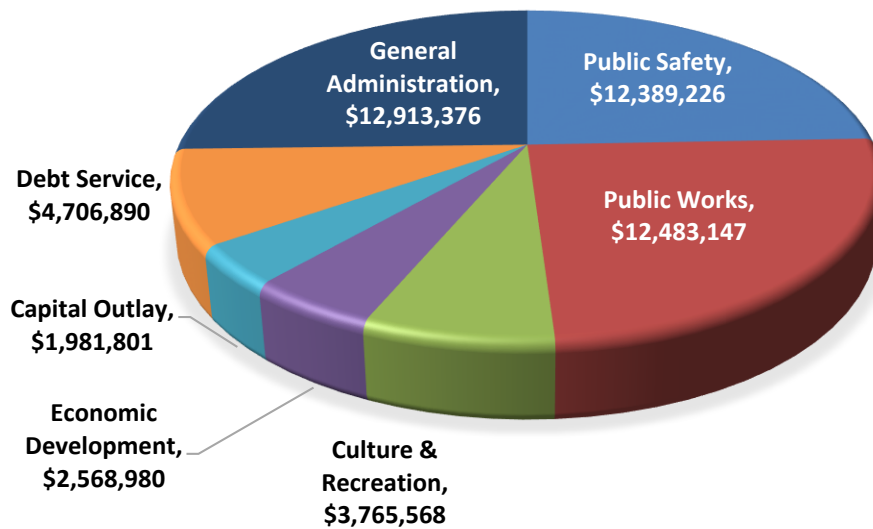
Personnel Services, is the largest expenditure category, as is the case with most entities, at thirty-eight percent (38%). These expenditures include such items as wages and salaries, health insurance, retirement benefits, and other benefits. The 2019 budget includes a two and three quarter percent (2.75%) COLA applied at mid-year, eight percent (8%) increase in health insurance (actual rate increase of 6.79 % came in subsequent to the Commission approval of the budget), 0.5% increase in KPERS rates, and a 2.04% increase in KP&F rates.

Contractual services are the next highest expenditure category at twenty (20%) percent. Expenditures in this category include services such as property and liability insurance, software licensing, professional services, etc. Debt services payments are contractual by nature but are shown separately on the graph above at nine percent (9%).

Commodities are items consumed through normal operations with a value less than \$5,000 and an expected life cycle of less than one year (four percent).

Capital Outlay expenditures are for land, buildings, infrastructure, improvements, vehicles, equipment, historical treasures, works of art, and other tangible and intangible assets whose cost exceeds \$5,000; whose life expectancy exceeds one business cycle; and does not include maintenance types of items that do not enhance or extend the value or life of an asset.

2019 BUDGETED EXPENDITURES BY FUNCTION



Administrative expenditures include such departments as City Commission, City Manager, Human Resources, City Clerk, Convention and Visitors Bureau, Information Technology, Legal Services, Finance, Municipal Court, Probation, Police and Fire pension payments, Code Enforcement, and Planning, as well as, operating reserves.

Public Safety expenditures include police administration and operations; fire administration, suppression, and prevention; and animal control.

Public Works expenditures include engineering; facility maintenance; building inspections; vehicle and fleet maintenance; streets, highways, sidewalks, curbs, and street lighting maintenance; and sewer, storm water, and refuse services.

Economic Development includes economic development activities and incentives, as well as, Tax Increment Financing (TIF) incentives.

Culture and Recreation includes parks, recreation activities, performing arts, community center activities, aquatics activities, and the library.

Capital Outlay include expenditures for all functions, but not the transfers to non-budgeted capital outlay funds.

Debt service includes repayment of debt related to all functions.

City of Leavenworth, Kansas
 Three Year Summary of Financial Sources and Uses
 In thousands of Dollars

	General Fund (Major Fund)		Debt Service Fund (Major Fund)		Nonmajor Funds		Fiduciary Funds (Non-major)		Proprietary Funds (Major Funds)		Total All Funds	
	2017 Actual	2018 Estimated	2017 Actual	2018 Estimated	2017 Actual	2018 Estimated	2017 Actual	2018 Estimated	2017 Actual	2018 Estimated	2017 Actual	2018 Estimated
Revenues												
TOTAL TAXES	\$ 14,134	\$ 14,795	\$ 15,404	\$ 15,404	\$ 1,852	\$ 1,817	\$ 1,849	\$ 1,849	\$ 6,690	\$ 6,948	\$ 7,548	\$ 7,548
TOTAL INTERGOVERNMENTAL	\$ 189	\$ 114	\$ 117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,295	\$ 1,211	\$ 1,221	\$ 1,221
TOTAL LICENSES & PERMITS	\$ 393	\$ 378	\$ 401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHARGES FOR SERVICES	\$ 2,579	\$ 2,412	\$ 2,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,701	\$ 754	\$ 778	\$ 778
TOTAL MISCELLANEOUS	\$ 472	\$ 190	\$ 331	\$ -	\$ 3	\$ -	\$ -	\$ 3	\$ 47	\$ 33	\$ 33	\$ 33
TOTAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	\$ 924	\$ 1,749	\$ 1,655	\$ -	\$ 300	\$ 380	\$ 480	\$ 480
TOTAL BOND PROCEEDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SPECIAL ASSESSMENTS	\$ 44	\$ 45	\$ 65	\$ -	\$ 88	\$ 79	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 17,811	\$ 17,934	\$ 18,693	\$ 3,645	\$ 2,867	\$ 3,645	\$ 5,582	\$ 1,197	\$ 10,032	\$ 9,327	\$ 10,060	\$ 6,981
Expenditures												
TOTAL PERSONNEL	\$ 13,437	\$ 14,633	\$ 15,094	\$ -	\$ -	\$ -	\$ -	\$ 137	\$ 1,872	\$ 1,903	\$ 2,008	\$ 2,042
TOTAL CONTRACTUAL	\$ 2,807	\$ 2,922	\$ 3,269	\$ -	\$ -	\$ -	\$ -	\$ 1,033	\$ 2,414	\$ 2,477	\$ 3,149	\$ 2,567
TOTAL COMMODITIES	\$ 904	\$ 1,188	\$ 1,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308	\$ 326	\$ 392	\$ 744
TOTAL CAPITAL OUTLAY	\$ 5	\$ 66	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 541	\$ 866	\$ -
TOTAL DEBT REPAYMENT	\$ 55	\$ 54	\$ -	\$ -	\$ 2,978	\$ 3,711	\$ 3,710	\$ -	\$ 84	\$ 94	\$ 98	\$ -
TOTAL TRANSFERS AND OTHER COSTS	\$ 1	\$ 217	\$ 181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,084	\$ 4,871	\$ 4,175	\$ -
TOTAL EXPENDITURES	\$ 17,210	\$ 19,080	\$ 19,705	\$ 2,978	\$ 2,978	\$ 3,711	\$ 3,710	\$ 1,170	\$ 8,765	\$ 10,212	\$ 10,688	\$ 7,304
Revenues Over (Under) Expenditures	\$ 601	\$ (1,146)	\$ (1,012)	\$ (111)	\$ (111)	\$ (66)	\$ (128)	\$ 28	\$ 1,267	\$ (886)	\$ (628)	\$ (323)
Cash Balance												
Beginning Cash Balance	\$ 4,637	\$ 5,238	\$ 4,092	\$ 432	\$ 321	\$ 255	\$ 255	\$ 614	\$ 3,572	\$ 4,840	\$ 3,954	\$ 1,375
Ending Cash Balance	\$ 5,238	\$ 4,092	\$ 3,080	\$ 321	\$ 255	\$ 127	\$ 127	\$ 641	\$ 4,840	\$ 3,954	\$ 3,326	\$ 1,052
Change in cash Balance	\$ 601	\$ (1,146)	\$ (1,012)	\$ (111)	\$ (66)	\$ (128)	\$ (128)	\$ 28	\$ 1,267	\$ (886)	\$ (628)	\$ (323)
% Change	12.96%	-21.88%	-24.73%	-25.69%	-20.56%	-50.20%	35.48%	4.48%	-18.30%	-15.88%	-17.51%	-23.49%

(1) The city prepares the budget on a cash basis according to Kansas budget laws, therefore, the above fund balances are reflecting beginning and ending unencumbered cash balances.
 (2) Nonmajor funds include Special Revenue Funds, but not project funds. The Street Fund will have about \$866,000 of committed cash. It has been identified for capital projects but no specific project has been identified at this time.
 (3) Fiduciary Funds include the Police and Fire Pension Funds and the Library and Library Employee Benefit Funds. The Library is considered a component unit of the City, but the City does not maintain its financial records. The City levies the amount needed for the pension payouts, but still maintains a reserve in those funds, that is restricted for those purposes.
 (4) The Proprietary Funds include the Sewer and Refuse functions of the City. The transfers are from the Refuse Fund to the Refuse Restricted fund which records the transactions affiliated with post-closure landfill maintenance expenses. The reduction in fund balance is related projects began in previous years, but not anticipated to be completed until 2019.

Fund Balance

The City's governmental funds use the term ***fund balance*** to describe the difference between fund assets and fund liabilities. The City's enterprise funds use the term ***working capital*** to describe the difference between fund assets and fund liabilities.

In March 2017, the City Commission approved a revised Budgetary Reserve Policy which incorporates the GFOA recommended minimum of two months of expenditures as the City's minimum reserve levels in fund balance for the General Fund, CIP Sales Tax Fund, County Wide Sales Tax Fund, Sewer Fund, and Refuse Fund. The new policy specifies the acceptable uses of excess unassigned reserve balances, mandates periodic reviews and updates as necessary, limits the authorization to use reserves to the City Commission and City Manager, and provides for budgeting 4% of expenditures for restoration of reserves should they fall below the minimum established in this policy.

In 2009, the Governmental Accounting Standards Board (GASB), the governing body charged with establishing accounting and financial reporting standards for governments, issued Statement 54, which changed the way fund balances are reported on financial statements. The City prepares the budget per Kansas statute on a cash basis where cash balances are not typically presented according to GASB 54 designations. However, the City recognizes that the same constraints apply and is presenting the budgetary cash balances in the GASB 54 format for the purposes of this document.

Non-spendable: This includes amounts that are a) not spendable in any form, or b) legally or contractually required to remain intact. This includes items that are not expected to be converted to cash, such as inventories, pre-paid items, or long-term notes receivable.

Restricted: This includes amounts that can be spent only for the specific purposes stipulated by external sources either constitutionally or through legislation. Restrictions may only be lifted with the consent of the source provider. This includes grants or certain types of sales taxes.

Committed: This includes amounts that can only be used for specific purposes determined by a formal action (resolution/ordinance) of the City's highest level of decision-making authority-the City Commission. Commitments may only be lifted by taking the same formal action that originally imposed the restriction (resolution/ordinance).

Assigned: This includes amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by a) the City Commission or b) the City Manager to which the Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: This includes the classification of the residual amount for the General Fund and includes all amounts not contained in the above-mentioned classifications. Unassigned amounts are technically available for any purpose.

In situations where expenditures are made for a purpose that has amounts available in multiple fund balance classifications, fund balances are depleted in the order of restricted, committed, assigned, and unassigned.

Capital Outlay

As mentioned earlier, the City of Leavenworth defines capital outlay as expenditures for the acquisition, construction, improvement of, or addition to capital assets. Capital assets are tangible and intangible assets with a value exceeding \$5,000 and a useful life exceeding one business cycle.

The City classifies its assets into one of the following categories:

Land	
Buildings	15-30 years
Improvements	15-30 years
Machinery & Equipment	5-15 years
Infrastructure	15-30 years
IT Equipment	3- 5 years
Other Capital Assets	Varies

Depreciation is a non-budgeted expense that the City uses to determine levels of needed capital reserves and upcoming expenditures. Depreciation is calculated annually, using the straight- line method over the estimated useful life shown in the table above.

Leavenworth creates and implements a five-year capital improvement plan that prioritizes its equipment purchases and construction and maintenance projects. The planning process is a joint effort of the City Department Directors and their staff, City Manager, Finance, and the Commission. A copy of the 2018-2022 Capital Improvement Plan (CIP) is included in Appendix A on page 142. This plan contains both recurring and non-recurring capital expenditures. Non-recurring capital expenditures are those that are unlikely to occur again in the normal course of business.

While most of the City's capital investments are recurring, such as road repair and maintenance, two projects are considered non-recurring. One project was the design and construction of the Business and Technology Park. The Business and Technology Park was a joint project with Leavenworth County, each contributing \$5,000,000. The City issued G.O. Bonds to pay for its portion of the project. Annual appropriations for debt repayment comes from the City's portion of County Wide Sales Tax. The bonds were issued for twenty years. The Park was completed in 2018. There are approximately \$34,000 of annual maintenance costs for utilities, legal fees, and landscaping services, associated with maintaining the park until lots are sold to businesses.

The other non-recurring capital project was the final phase of the stone restoration of the City's Community Center. In the mid-1980's, the City purchased the historic train depot in order to preserve the building. Because the building is on the historic register, all repairs and maintenance must comply with the State Historic Preservation Office guidelines. The current project is Phase IV of the exterior stone replacement. The funding for this \$1,500,000 project comes from a \$500,000 grant from Mid-America Regional Council (MARC); \$250,000 in Tax Credits from the State Historic Preservation Office (the City usually sells the tax

credits and receives 90% of the value of the credits), the balance of \$775,000 will come from the City sales tax set aside for capital projects.

Leavenworth, like all cities, has more needs than funding. Budgetary pressures causes maintenance delays due to lack of resources. This is referred to as deferred maintenance. The CIP includes both funded and unfunded projects and the anticipated funding sources. The 2018-2022 CIP includes \$40,105,510 of projects. Of this amount, \$9,357,336 is unfunded. The 2019-2023 CIP is currently under review and won't be completed until November 2018; however, some of the planned 2019 expenditures are included in the 2018 CIP.

As mentioned on page 49, the sources of funding for CIP includes ¼ of the City's two percent sales taxes, forty percent of the County Wide sales tax, monies from the sewer and refuse operating budgets, federal grants, state grants, an inter-local agreement with Leavenworth County, capital leases, temporary notes, and bond issuances.

During the 2018-2022 CIP process, \$1,297,206 in equipment purchases were identified as a priority for 2019 including:

Vehicles

- \$120,000 Sewer Dump Trucks
- \$50,000 Sewer Locate Trucks
- \$295,800 Numerous vehicle replacements, such as police cars, codes enforcement vehicle replacement, etc.

The operating impact of the above equipment includes the reduction of maintenance costs and the reduction of down time waiting for repairs. Having new equipment does not impact normal maintenance items as tires, batteries, oil changes, etc. It is the City's policy to replace 3 or 4 police vehicles every year. Due to the wear and tear on these vehicles, the estimated life is 4 years and 100,000 miles. Once the vehicles reach the 100,000 mile mark, it is no longer cost effective to repair/maintain them. Other City vehicles are depreciated according to the vehicles' estimated life, but vehicles are used until the maintenance costs and down time exceed the costs of replacing them.

Other Equipment

- \$44,000 Mini excavator

This purchase is to enable City crews to complete projects that previously were contracted out. It will enable City crews to perform more tasks in-house.

- \$164,840 Capital lease payment for the networking upgrades made during 2017

This is to make the final payment of a three-year capital lease for networking upgrades. The networking upgrades were necessary to address short falls in storage capacity for evidence captured on body camera

videos, car camera videos, and other police technology; as well as, business continuity issues and citywide backups. The most critical impact on operations comes from eliminating the potential for lost evidence in criminal cases. The most quantifiable cost savings was the need to replace about 20 servers at a cost of \$80,000. This investment in servers would still not address the business continuity issues or eliminate the potential for lost evidence.

\$133,950 Capital lease payment for the Vactor truck purchase made during 2018

This is the first of three payments on a capital lease for the purchase of the Vactor truck. The investment in the vactor truck reduced annual maintenance costs and down time for repairs to be performed.

\$28,000 Computer equipment

This is in essence an operating cost. It is annual funding for replacing computers and other technology equipment.

\$40,000 All City Facility Wireless upgrade

This project provides for upgrades to all facilities to a wireless system. This is the second of three phases. The current wiring capacity in the buildings do not provide the needed capacity for all city computers. Re-wiring the buildings was approximately \$100,000 per building. The cost of going wireless was a total of \$120,000 for all city facilities.

\$44,616 Battery Backup for Traffic signals

This purchase is to provide backup support for traffic signals when electricity is out. Currently staff responds for repairs to traffic signals when storms occur after hours. The battery backups will allow the signals to continue to function. The impact on operations will be to reduce downtime for signals and reduce overtime expenses of the technician who is responsible for maintaining traffic signals.

Parks Equipment

\$135,000 Parks playground equipment

\$19,000 Parks infield grooming machine

\$12,000 Chaise lounge pool chairs

The Certified Playground Safety Inspectors inspect playground equipment on a regular basis. Most equipment has an estimated life of about 15 years, but that depends on the level of usage. After about 15 years, it is all but impossible to obtain replacement parts or if parts can be found, they are too expensive to be cost effective. The main operating impact on the playground equipment is the reduction of injury, which in turn reduces City liability for injuries.

The infield grooming machine is used for preparing the ball fields for use. The equipment drags the infield, leveling it and making it a more level and safer surface to play on. The equipment is also designed to improve drainage and increase the amount of available playing time.

The chairs for the pool are to replace the ones that are damaged and no longer functional. The chairs increase the use of the pool.

Wastewater Treatment Plant equipment

\$50,000 Sewer Lift Station Improvements

\$160,000 Air Handlers

The sewer lift station projects provides upgrades for the Supervisory Control and Data Acquisition (SCADA) monitoring system. The SCADA system gathers data, processes it, sends it back to the software where city staff monitors the data and provides real time responses when necessary. This is an operating expense although not an annual one.

The Air Handlers current maintenance expenses exceed \$10,000 annually. The current equipment was purchased in 1993, so is 26 years old. With an annual savings of \$10,000 in maintenance expense, the new handlers will recoup the \$160,000 investment in 16 years.

Infrastructure

During the 2018-2022 CIP process, \$4,712,126 was allocated for infrastructure repairs and maintenance. Sales Taxes, Kansas Department of Transportation (KDOT) grants, Federal Funds Exchange (FFE) grants, charges for services, and debt issuances are the funding source for the following projects:

\$116,000: Curbs program (annual allocation)

\$ 20,000: Justice Center parking lot (2nd of 2 phases)

\$ 70,000: Traffic Signal maintenance and traffic pole inventory

\$ 25,000: Bi-annual Bridge inspection (bi-annual allocation)

\$378,450: Sidewalk program (annual allocation)

\$352,800: Storm water repairs (annual allocation)

\$245,700: 2nd Street Bridge replacement (3 years of annual allocation-this is set aside for debt repayment - the total bridge replacement cost was \$2,360,945, prior years' accumulated cash balances and FFE funds, were also used)

\$1,350,000: Pavement management program, while this is an annual allocation, it is for different street projects every year. An arterial street maintenance plan determines which streets will be part of the coming year project. It is reviewed annually to determine whether priorities have changed. City Ordinance 56 allows for a maximum of twenty-eight (28) percent of the previous year's property tax revenues. For debt management purposes, the

City has reduced the amount to twenty-two (22) percent through 2023, when several other issuances will be retired.

\$500,000: Sewer line replacement, while this is an annual allocation, it is for different sewer line replacements every year. Similar to the arterial street plan, there is a sewer line repair and replacement plan. It is the result of a study completed several years ago that was designed to identify which areas would have the most impact on the reduction of Inflow and Infiltration (I & I) into the treatment plant. When those target areas have been completed, another study will be done to determine whether the desired results were accomplished. The I & I levels will impact the size and structure of a new treatment plant. The goal is to reduce the size of the plant from a \$65 million plant to a \$40 million dollar plant. As mentioned earlier, the City engaged a consultant to review sewer rates. One of the considerations was what level of rates would be needed to pay the debt service of a new treatment plant.

The \$1,874,226 allocated for 2019 expenditures on building and improvements repairs and maintenance projects includes:

\$89,750 Dougherty Park Basketball re-surfacing is to address cracks and other maintenance items of the basketball court, which will increase playing time and safety.

\$ 39,520 Dougherty Park field and Jefferson Park field improvements are for re-surfacing the infield of both ball parks. The re-surfacing will help improve drainage, reduce the amount of time spent weeding the surface, reduces rainouts, and increases playability and safety. After about a year, the ability to rent the fields increases.

\$1,500,000 Final phase of the RFCC Stone replacement.

\$ 21,600 Riverview Room carpet replacement project is to replace the worn carpet in the Riverfront Community Center. The impact on the operating budget is minimal.

\$ 65,000 Service Center Canopy, this is the last phase in placing a canopy over the gas pumps at the service center to protect employees from the elements when filling up their vehicles. The impact on the operating budget is minimal.

\$ 32,000 Mechanical room repairs project is for replacing existing insulation and adding motorized dampers on combustion intake ducts to address mold issues.

\$ 31,226 Municipal Service Center (MSC)- this allocation is for multiple routine repairs to the service center.

\$200,000 Annual allocation for wastewater treatment plant repairs. The necessary repairs don't always equal the amount of this allocation but they are for ongoing maintenance.

These projects will be re-evaluated during the 2019-2023 CIP process to determine whether the priority level has changed.

Other items included in the CIP are debt payments related to specific projects such as the Animal control facility for \$258,268. This will be retired in 2025. \$106,788 for three fire trucks, this will be retired in 2031. \$66,408 for the downtown hotel. This will be retired in 2025. An annual allocation for debt reduction of approximately \$386,532. And an annual allocation of \$300,000 for the Riverfront Community Center operations subsidy.

The City is utilizing the following CIP calendar for 2019-2023:

- October 1, 2018: Department CIP requests due to Finance
- October 15, 2018: Meetings with City Manager, Assistant City Manager, and Finance
- October 18-19, 2018: Department meetings with Finance, City Manager, and Assistant City Manager
- November 6, 2018: Presentation to the Commission
- November 27th, 2018: Commission adopts the CIP

Debt Overview

Effective financial management includes analyzing several funding mechanisms to determine what option is the most beneficial to the City. In some cases, issuing debt is the best available option. As mentioned earlier, the Commission approved the Debt Management Policy in March 2017. The policy addresses the uses of debt financing, structure and terms of debt financing, acceptable levels of debt, the use of a bond fund, reserves for the bond fund, and post issuance compliance.

The City of Leavenworth traditionally uses debt for equipment and capital improvements that cost too much to purchase from the operating budget. The revenues for making the debt payments come from the following sources based upon the nature of the improvement and the type of debt that has been issued:

- Property Taxes
- Sales Taxes
- Charges for Services
- Special Assessments
- Investment Income

Bond Rating

In April 2018, Moody's Investors Service reviewed and assigned a rating of Aa2 to the City of Leavenworth for the Taxable General Obligation Bonds Series 2018-A that were issued to redeem the temporary notes for the 2017 Pavement Management program.

Credit ratings are opinions of the relative future credit risks of an entity. These ratings are subject to revision, suspension, or withdrawal at any time without notice. Some of the criteria used to determine the City's rating is as follows:

- Stabilized financial operations
- Significant Federal Institutional presence
- Modest increases in tax base
- Liquidity
- Debt/Pension liabilities
- Economy
- Budgetary performance

Moody's determined that the City benefits from stabilized financial operations and the federal, medical, and private institutions presence. Additionally, the City's close proximity to Johnson County and Kansas City increases its financial stability.

Some of the challenges the City currently faces is a slightly elevated debt burden and reliance on economically sensitive revenues, such as sales taxes. With the addition of the Business and Technology Park

and the 120+ single family residences in 2019, the tax base of the City should grow more than the current 2.5% rate used in estimating the 2019 revenues.

Another issue the City faces (as do all cities in Kansas) is the current legislation that imposes a tax lid on property taxes. The legislation requires that any increase in property taxes that exceeds the rate of inflation must be placed on a ballot and approved by the voters. This legislation became effective for the 2018 budget year. Several amendments to the legislation changed the inflation benchmark to a five-year average; included exemptions for public safety expenses; and continued to allow GO bonds to be exempt from the property tax limits.

Debt Service

Cities issue debt for a variety of reasons and have numerous types of funding tools available to use. Debt should be issued in accordance with policies adopted by the governing body. Those policies should be reviewed and updated periodically. As mentioned earlier, the City of Leavenworth typically issues debt to pay for critical capital improvements that cost too much to be paid from operations. See the City Commission approved Debt Management Policy in Appendix B, page 171.

Types of Debt

While there are many types of debt available for use, Leavenworth typically issues general obligation (g.o.) bonds, temporary notes, and capital leases. In the 2019 budget, the City levied 7.635 mills of property taxes to pay for debt. This is the same amount levied for debt service in 2018. Other sources of revenues used to pay for debt includes sales taxes, and charges for services.

General Obligation (G.O.) bonds are those that require the full faith and credit of the City. The City pledges to use all revenues at its disposal to pay bondholders, including levying property taxes. G.O. Bonds for general improvements make up sixty-five percent of all the City outstanding debt beginning January 1, 2019. It does not include the anticipated issuance to redeem the notes issued in 2018 for the annual pavement program. In 2018, the City issued \$1.4 million in tax-exempt GO Bonds to redeem the 2017 temporary notes issued for the 2017 pavement management project.

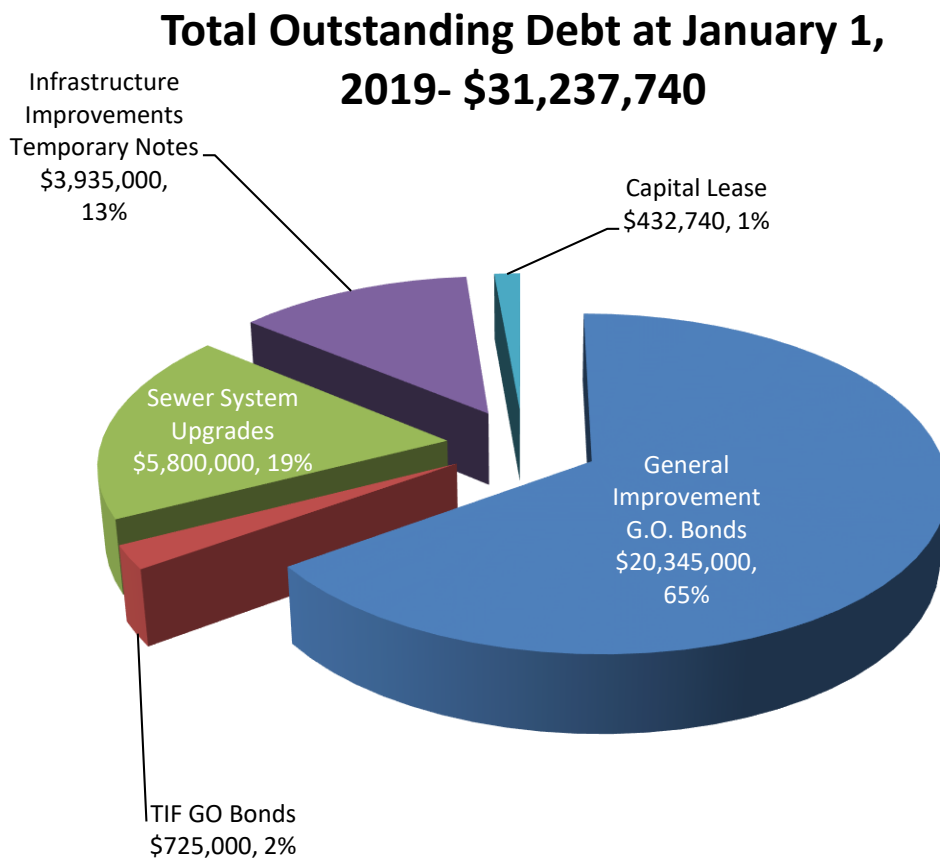
Revenue bonds are municipal bonds that are used to finance income-producing projects and are repaid by a specific revenue source. These are typically used for enterprise funds such as utilities. Historically, the City does not utilize revenue bonds because they usually require additional reserves dedicated to the bond issuance, and generally have higher interest rates. The City utilizes general obligation bonds for enterprise projects, such as the sewer system upgrades, but uses sewer fund revenues to repay the bonds, instead of tax levies. These bonds make up nineteen percent of the City's outstanding debt.

Temporary notes are short-term debt securities that have a maturity date from three months to three years. The City usually issues temporary notes for construction projects and then redeems them with G.O. Bonds once the project is complete. In 2018, the City issued \$3,460,000 in temporary notes for the following

projects: 2018 Pavement Management (\$1,360,000), New Lawrence Rd project (\$600,000), and Riverfront Community Center stone replacement (\$1,500,000).

Capital Leases are leases in which the lessor finances the leased asset and the rights of ownership rest with the lessee. The City currently has two, three-year capital leases. One of which was used for the networking upgrade in 2017. The final payment of \$164,840 will be made in 2019. The other capital lease is the one entered into during 2018 for the sewer vector truck. The first of the three payments will be made in 2019, in the amount of \$133,950. The outstanding balance of the capital leases at January 1, 2019 is \$432,740 or one percent.

The following graph shows the breakdown of the City's debt.



Debt Capacity

Debt capacity is determined by legislation and various debt service ratios. Debt service ratios are key indicators for bond rating agencies in evaluating the City's credit rating. These ratios are an accepted measure of sound financial management and reflect the resources that are available for day-to-day operations.

The City's debt capacity analysis utilizes several different debt ratios. K.S.A. 10-308 limits the amount of debt cities can issue based on assessed valuation. In addition, the City Commission approved a Debt Management Policy that identifies the maximum amount of debt financing the City will not exceed.

The following chart shows the City's actual ratios at December 31, 2017 compared to the goals established in the Debt policy:

Governmental Activities:

STATUTORY	Goal	Actual
Net Direct Bonded Debt as a percentage of Assessed Value (In accordance with K.S.A. 10-308)	30%	6.4%
Charter Ordinance 56 as a percentage of the previous year's tax levy*	28%	23%
INTERNAL GOALS		
Net Direct Bonded Debt Per Capita	\$1,000	\$808
Net Direct Bonded Debt Per Capita as a percentage of Per Capita Income	5%	2.8%
Net overall debt per capita (overlapping debt)	\$2,000	\$1,380
Mill Rate Not to Exceed	10 Mills	7.635 Mills

***On December 22, 2015, the Commission passed Charter Ordinance 56, which became effective March 1, 2016. Charter Ordinance 56 states that the City shall not exceed in any one year an amount equal to 28% of its previous year's tax levied, as certified by the County Clerk for general improvements.**

Business-Type Activities:

Debt Service Coverage	125%	183%
Debt Service Safety Margin	125%	38%

Legal Debt Margin

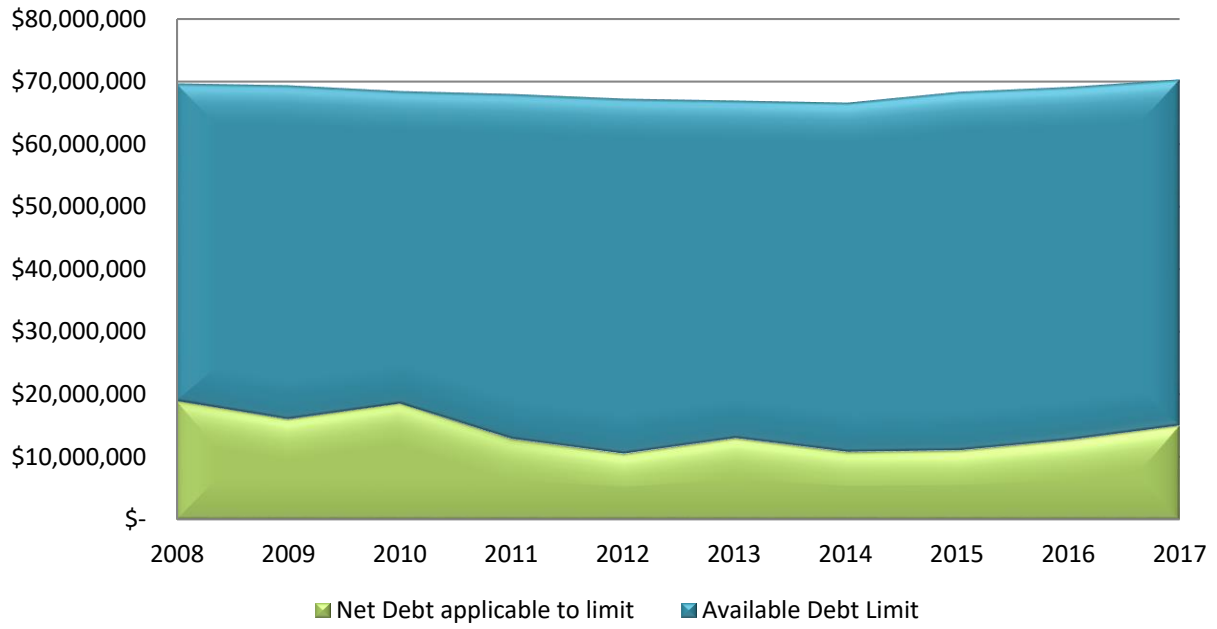
As mentioned earlier, K.S.A. 10-308 places a limit of 30% of assessed valuation as the maximum amount of direct bonded debt an organization can issue (legal debt limit). Direct bonded debt is the amount of debt in which City has pledged its full faith and credit. The legal debt margin is the difference between the maximum amount allowed by statute and the amount the organization has issued.

Certain types of debt issuances are not subject to the legal debt limit. These are identified in K.S.A. 10-309.

The calculations below show the amount of the City's legal debt limit as of December 31, 2018:

Assessed Valuation (June 2017)	\$207,179,358
Motor Vehicle Assessed Valuation	<u>27,210,278</u>
Adjusted equalized Assessed Valuation	\$234,389,636
K.S.A. 10-308 (30%)	<u>*.30</u>
Debt limit at December 31, 2017	\$ 70,316,891
Amount of Debt subject to legal debt limits	15,034,277
Less: Amount available in debt service fund	<u>(304,459)</u>
Debt Margin at December 31, 2017	\$ 55,587,073

Comparison of Available Debt

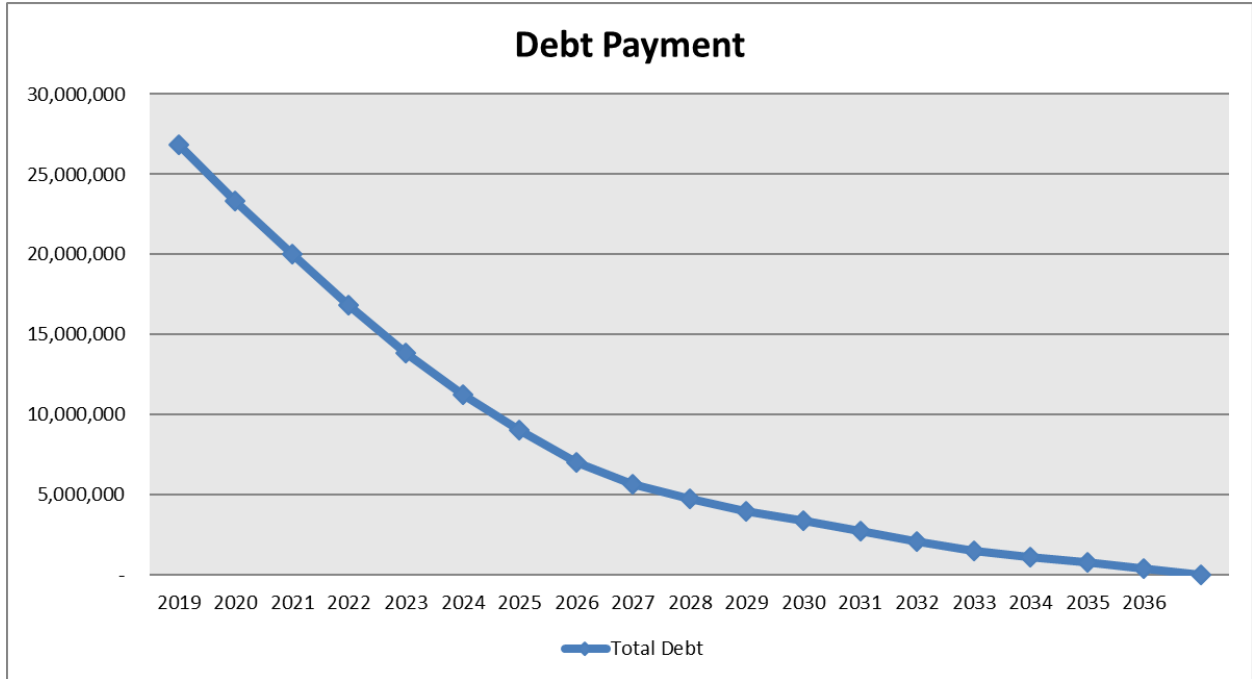


Annual Debt Service

The City has never defaulted on the payment of any of its debt obligations. The following table shows the annual debt service requirements from 2019 through 2036.

Year	Principal	Interest	Total
2019	3,505,000	657,425	4,162,425
2020	3,365,000	575,916	3,940,916
2021	3,155,000	507,718	3,662,718
2022	3,020,000	438,654	3,458,654
2023	2,600,000	368,971	2,968,971
2024	2,175,000	304,940	2,479,940
2025	2,015,000	255,560	2,270,560
2026	1,380,000	204,873	1,584,873
2027	920,000	170,284	1,090,284
2028	755,000	145,566	900,566
2029	620,000	124,664	744,664
2030	640,000	107,844	747,844
2031	665,000	89,679	754,679
2032	585,000	70,353	655,353
2033	340,000	52,185	392,185
2034	355,000	40,115	395,115
2035	375,000	27,513	402,513
2036	400,000	14,200	414,200

The following graph shows the current general obligation repayment schedule and includes both governmental funds and enterprise funds at January 1, 2019:



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Departmental Budget Information



City of Leavenworth, Kansas
Schedule of Positions by Function, Department, and Division

	FTE's			
	2016	2017	2018	2019
Administration				
City Manager				
City Manager	1	1	1	1
Assistant City Manager	1	1	1	1
Executive Administrative Assistant	1	1	1	1
Public Information Officer	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	4	4	4	4
Court				
Judge	1	1	1	1
City Prosecutor	1	1	1	1
City Attorney	0	0	1	1
Public Defender	2	2	2	2
Senior Court Clerk	1	1	1	1
Court Clerk	1	1	1	1
Part Time Court Clerk (2)	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	7	7	8	8
Convention and Visitor's Bureau				
CVB Director	1	1	1	1
CVB Administrative Clerk	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	2	2	2	2
City Clerk				
City Clerk	1	1	1	1
Assistant City Clerk	1	1	1	1
Clerk	2	2	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
	4	4	4	4
Human Resources				
HR Director	1	1	1	1
HR Specialist	1	1	1	1
Part Time Admin Assistant	0.5	0.5	0.5	0.5
	<hr/>	<hr/>	<hr/>	<hr/>
	2.5	2.5	2.5	2.5
Finance				
Finance Director	1	1	1	1

Assistant Finance Director	0	0	1	1
Staff Accountant	3	3	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
	4	4	4	4

Information Technology

IT Director	1	1	1	1
IT Specialist	1	1	2	2
Help Desk Technician	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	3	3	4	4

Probation Services

Probation Officer II	0	1	1	1
Probation Officer I	0	1	1	1
Part Time Admin Assistant	0	0.5	0.5	0.5
	<hr/>	<hr/>	<hr/>	<hr/>
	0	2.5	2.5	2.5

Public Safety

Police Department

Police Chief	1	1	1	1
Deputy Police Chief	1	1	1	1
Lieutenant	3	3	3	3
Administrative Specialist	1	1	1	1
Administrative Assistant	1	1	1	1
Records Supervisor	1	1	1	1
Records Clerk	4	4	4	4
Evidence Custodian (Officer)	1	1	1	1
Court Bailiff (Officer)	1	1	1	1
Dispatcher Supervisor	0	0	1	1
Dispatcher	10	10	10	10
Administrative Clerk	1	1	1	1
Sergeant	10	10	10	11
Detective	5	5	10	8
Officer	39	39	39	36
Animal Control Supervisor	1	1	1	1
Animal Control Officer	2	2	2	2
Kennel Attendant	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	83	83	89	85

Fire Department

Fire Chief	1	1	1	1
Deputy Fire Chief	1	1	1	1
Battalion Chief	4	4	4	4
Fire Captain	12	12	12	12
Fire Driver/Operator	12	12	12	12
Firefighter	22	22	22	22
Safety Officer/Health Inspector	1	1	1	1
Administrative Assistant	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	54	54	54	54

Public Works**Administration/Engineering**

Public Works Director	1	1	1	1
Deputy Public Works Director	1	1	1	1
Administrative Assistant	1	1	1	1
Engineering Technician	2	2	2	2
GIS Coordinator	1	1	1	1
GIS Technician	0	0	0	1
Project Manager	1	1	1	1
Chief Building Inspector	1	1	1	1
Building Inspector II	1	1	1	1
Administrative Clerk	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	10	10	10	11

Garage/Service Center

Master Mechanic	1	1	1	1
Mechanic	2	2	2	2
Administrative Assistant	1	1	1	1
Parts Clerk	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	5	5	5	5

Streets

Operations Superintendent	1	1	1	1
Administrative Assistant	1	1	1	1
Street Foreman	1	1	1	1
Equipment Operator I	8	8	8	8
Equipment Operator II	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	12	12	12	12

Traffic

Traffic Control Technician	1	1	1	1
Wastewater Plant Superintendent	1	1	1	1
WPC Assistant Superintendent	1	1	1	1
Administrative Clerk	1	1	1	1
WPC Lab Technician	1	1	1	1
WPC Operator I	6	6	6	6
WPC Operator II	5	5	5	5
WPC Operator III	1	1	1	1
Engineering Technician II	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	17	17	17	17

Storm Water

Equipment Operator	1	1	1	1
Storm Water Laborer	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>

	2	2	2	2
Refuse				
Solid Waste Foreman	1	1	1	1
Solid Waste Collector	5	5	5	5
Solid Waste Equip Operator I	1	1	1	1
Solid Waste Equip Operator II	3	3	3	3
SW Temp	0.5	0.5	1	1
Brush Site Operator	1	1	1	1
Part Time Recycling Monitor	0.5	0.5	0.5	0.5
	<hr/>	<hr/>	<hr/>	<hr/>
	12	12	12.5	12.5
Housing and Community Development				
Community Development Director	0	0	0	1
Planning				
City Planner	1	1	1	1
Administrative Assistant	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	2	2	2	2
Codes Enforcement				
Codes Officers	3	3	3	3
Part Time Administrative Clerk	0.5	0.5	0.5	0.5
	<hr/>	<hr/>	<hr/>	<hr/>
	3.5	3.5	3.5	3.5
Housing				
Housing Manager	1	1	1	1
Section 8 Coordinator	1	1	1	1
Housing Assistant	1	1	1	1
Housing Intake Specialist	1	1	1	1
Maintenance/Mechanic	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	5	5	5	5
Community Development				
Community Development Coordinator	1	1	1	1
Parks and Recreation				
Parks				
Parks Superintendent	1	1	1	1
Parks Foreman	1	1	1	1
Parks Technician	6.5	6.5	6.5	6.5
Parks Mechanic	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	9.5	9.5	9.5	9.5
Recreation				

Parks & Recreation Director	1	1	1	1
Recreation Supervisor	1	1	1	1
Temporary Recreation Technicians (3)	1.5	1.5	1.5	1.5
Recreation Administrative Assistant	1	1	1	1
Aquatics Supervisor	1	1	1	1
Aquatics Manager	1	1	1	1
Community Center Manager	1	1	1	1
Part time Custodian (6)	2	2	2	2
Temporary Receptionists (9)	3	3	3	3
Maintenance Supervisor	1	1	1	1
	<u>13.5</u>	<u>13.5</u>	<u>13.5</u>	<u>13.5</u>
Total FTE's	257	259.5	268	266

General Fund

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
REVENUES			
Ad Valorem Tax	\$ 3,029,647	\$ 3,437,745	\$ 3,444,203
Delinquent Tax	\$ 55,849	\$ 56,023	\$ 80,000
Motor Vehicle Tax	\$ 418,759	\$ 406,402	\$ 429,452
Recreational Vehicle Tax	\$ -	\$ -	\$ 3,775
16/20M Vehicle Tax	\$ -	\$ -	\$ 761
Commercial Vehicle Tax	\$ -	\$ -	\$ 17,289
Special Assessments	\$ 44,217	\$ 45,610	\$ 65,000
Local Alcoholic Liquor	\$ 141,679	\$ 69,055	\$ 72,250
Local Sales Tax	\$ 7,832,804	\$ 8,044,265	\$ 8,522,567
Franchise Tax	\$ 2,796,946	\$ 2,851,000	\$ 2,871,420
Licenses & Permits	\$ 392,950	\$ 377,550	\$ 400,495
KLINK	\$ 42,379	\$ 42,300	\$ 42,400
PD Federal Grant	\$ 5,136	\$ 2,500	\$ 2,500
Charges for Services	\$ 1,947,527	\$ 1,761,539	\$ 1,700,409
Court Fines and Fees	\$ 631,307	\$ 650,000	\$ 675,000
Interest on Idle Funds	\$ 93,465	\$ 81,977	\$ 93,000
Miscellaneous	\$ 378,925	\$ 108,210	\$ 238,042
Total Revenues	\$ 17,811,590	\$ 17,934,176	\$ 18,658,563
EXPENDITURES			
City Commission	\$ 68,108	\$ 82,740	\$ 85,240
City Manager	\$ 392,480	\$ 407,598	\$ 407,525
Legal Services	\$ 45,578	\$ 78,975	\$ 104,375
Municipal Court	\$ 327,431	\$ 342,524	\$ 371,994
Airport	\$ 83,637	\$ 83,905	\$ 84,115
Civil Defense	\$ 8,500	\$ 8,500	\$ 8,500
City Clerk	\$ 516,761	\$ 544,150	\$ 542,860
Human Resources	\$ 262,770	\$ 276,809	\$ 296,177
Finance	\$ 398,093	\$ 448,970	\$ 476,844
Information Services	\$ 517,240	\$ 481,311	\$ 435,240
City Wide	\$ 68,016	\$ 155,000	\$ 125,025
Administration	\$ 11,571	\$ 150,000	\$ 3,146,134
Police Admin	\$ 1,348,810	\$ 1,575,638	\$ 1,740,086
Police Operations	\$ 4,837,114	\$ 5,488,750	\$ 5,483,188
Animal Control	\$ 312,192	\$ 334,641	\$ 352,391
Fire Admin	\$ 379,847	\$ 421,154	\$ 429,191
Fire Suppression	\$ 3,815,256	\$ 3,975,356	\$ 4,148,150
Fire Prevention	\$ 206,503	\$ 225,968	\$ 236,220
Engineering	\$ 477,213	\$ 609,243	\$ 652,094
Building & Grounds	\$ 122,929	\$ 126,620	\$ 130,920
Library Maintenance	\$ 14,436	\$ 15,380	\$ 15,380
Inspections	\$ 274,444	\$ 325,818	\$ 337,913
Street Lighting	\$ 461,928	\$ 462,000	\$ 477,080
Garage	\$ 832,715	\$ 843,575	\$ 853,690
Service Center	\$ 152,266	\$ 168,451	\$ 189,442
Planning & Zoning	\$ 153,086	\$ 161,119	\$ 224,357
Codes Enforcement	\$ 261,871	\$ 300,639	\$ 323,622
Parks	\$ 777,080	\$ 829,325	\$ 867,771
Riverfront Park	\$ 25,381	\$ 20,790	\$ 24,940
Transfers to Streets	\$ -	\$ 80,000	\$ 80,000
Transfer to Capital Project	\$ 1,000	\$ 1,000	\$ 1,000
Transfer to Debt Service	\$ 55,275	\$ 54,263	\$ -
Transfer to Recreation Fund	\$ -	\$ -	\$ 100,000
Total Expenditures	\$ 17,209,531	\$ 19,080,212	\$ 22,751,464
Revenues over (under) expenditures	\$ 602,059	\$ (1,146,036)	\$ (4,092,901)
Unencumbered cash balance, 1/1/201x	\$ 4,636,878	\$ 5,238,937	\$ 4,092,901
Unencumbered cash balance, 12/31/201x	\$ 5,238,937	\$ 4,092,901	\$ -

Note: The above balances include budgeted operating reserves. These reserves are not intended to be spent, but are budgeted to create the authority to do so, should it become necessary.

Fund Summaries

City Commission

Mission

The Commission works, through its policies and decisions, to improve the quality of life for residents of the City and to better position the City for economic development.

Description

The City Commission is the governing body for the City of Leavenworth. The Commission consists of five (5) commissioners elected at large on a non-partisan basis by the general population. Elections are held every two years and three commissioners are elected at each election. The two highest vote totals receive a four year term and the third highest vote total receives a two year term. Each year the Commission elects a Mayor amongst themselves.

The Commission provides leadership, vision, and direction for the staff by setting policy, passing resolutions and ordinances, approving the operating and capital improvement program budgets; and appointing citizens to advisory boards. The Commissioners hire the City Manager to implement the policies and goals they establish.

Goals

The City Commission establishes yearly goals, which are available at www.lvks.org and at City Hall.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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City Commission

Personnel	27,306	36,550	36,550
Contractual Services	35,756	43,240	46,740
Commodities	4,046	1,950	1,950
Transfers to Sister City Project	1,000	1,000	1,000
Total Expenditures	68,108	82,740	86,240

FTE's (5 Elected Positions)

City Manager

Mission

The City Manager's Office provides support to the City Commission in formulating and implementing policies that provide responsive, effective and fiscally responsible services for residents of Leavenworth. In addition, the City Manager's Office provides administrative and support services for the City in an appropriate, effective and economical manner.

Description

The City Manager's Office serves as the Chief Executive Officer of the City; is appointed by and serves at the pleasure of the City Commission. In addition to the day to day administration of the City, the City Manager implements policies established by the Commission, coordinates activities of all City departments; acts as liaison between the City and other governmental units and private agencies; coordinates economic development efforts including financial incentives, development proposals, interaction with regional, state and federal programs and more; is responsible for the creation and submission of the annual budget.

Goals

- Ensure adequate progression of City Commission goals.
- Ensure City operations follow the City's operating policies, as well as within local, state and federal laws.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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City Manager

Personnel	341,743	368,223	358,980
Contractual Services	47,896	36,125	45,295
Commodities	2,841	3,250	3,250
Total Expenditures	<u>392,480</u>	<u>407,598</u>	<u>407,525</u>

FTE's	4	3.6	3.4
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Note: The Assistant City Manager allocates time between economic development activities; tourism activities; as well as, normal responsibilities. Therefore, those personnel expenses are allocated to the Economic Development and Convention & Visitors Bureau Fund in the 2018 and 2019 budget. The 2019 allocation is slightly higher to the other departments due to changes in levels of activities.

City Clerk

Mission

The Office of the City Clerk is dedicated to providing timely, accurate information and excellent service to the public, City staff, and the City Commission while maintaining full compliance with local and state laws. The City Clerk's operating philosophy is to facilitate a positive and productive visit to Leavenworth City Hall for all customers and staff members.

Description

Provides administrative support to the City Commission, City Manager, and other City staff. Prepare, maintain, and update records as prescribed by state and local laws. Serve as the Freedom of Information officer by responding to all open records requests under the terms of the Kansas Open Records Act.

Goals

- Monitor licenses and permits to maintain revenue sources.
- Prepare and distribute all City Commission agendas, minutes, study session and work session meetings.
- Provide quality service for all customers and City staff.
- Manage the City's accounts receivable billing and revenues.

	Prior Year	Current Year	Budgeted
	2017 Actuals	2018 Estimated	2019 Adopted

City Clerk

Personnel	274,589	295,800	300,855
Contractual Services	235,283	242,090	233,345
Commodities	6,889	6,260	8,660
Total Expenditures	<u>516,761</u>	<u>544,150</u>	<u>542,860</u>
FTE's	4	4	4

Legal Services

Mission

To protect and promote the health, safety, and welfare to the citizens of Leavenworth by providing legal counsel to the City Commission, City Manager, and City Department Directors.

Description

Provide general legal counsel to the City Commission, City Manager, and other City staff. Prepare City ordinances, resolutions, and contracts; review all City legal documents; and represents the City in other civil legal matters.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
Legal Services			
Personnel	2,635	4,050	4,050
Contractual Services	42,780	74,800	100,200
Commodities	163	125	125
Total Expenditures	<u>45,578</u>	<u>78,975</u>	<u>104,375</u>

Note: The change in contractual services reflects separating the City Prosecutor and City Attorney responsibilities and contracting for additional services.

Municipal Court

Mission

To provide for the just, fair, and expeditious resolution of cases for the City of Leavenworth City Ordinance and City Charter.

Description

The Municipal Court is the judicial function of the City and provides resolution of traffic violations and City Codes violations.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Municipal Court

Personnel	315,424	324,750	344,555
Contractual Services	7,998	11,754	21,419
Commodities	4,009	6,020	6,020
Total Expenditures	<u>327,431</u>	<u>342,524</u>	<u>371,994</u>
FTE's	7	8	8

Human Resources

Mission

Provide personnel-related services and solutions to optimize the City's most valuable resource-employees and strive to create and maintain a supportive work environment.

Description

The HR Office is responsible for the implementation, revision and oversight of the classification, compensation, benefits administration, recruitment, selection, labor relations, risk management, training and records retention. The HR Office is also responsible for the development and updating of the Personnel Manual, performance evaluation system, employee recognition programs, and serves as advisor to Committees and Boards.

Goals

- To attract and retain high quality employees while maintaining a low turnover rate.
- To provide regular communications to employees on health, retirement and City wide information.
- To maintain harmony and productivity among the workforce and resolve grievances in a timely manner.
- To provide a competitive and cost effective benefits package to all employees.
- To maintain compliance with all state and federal laws as they pertain to HR.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Human Resources

Personnel	212,272	229,136	237,567
Contractual Services	50,001	45,893	56,830
Commodities	497	1,780	1,780
Total Expenditures	<u>262,770</u>	<u>276,809</u>	<u>296,177</u>
FTE's	2.5	2.5	2.5

Finance

Mission

Our mission is to provide a financially sound government and support good business decisions by providing timely and accurate financial information.

Description

The Finance Department is responsible for of all financial and fiduciary transactions of the City and ensures compliance with statutory requirements, generally accepted accounting and auditing principles. Prepares, in conjunction with the City Manager, the City's annual operating budget and five-year capital project plan. Oversees the annual audit and prepares the comprehensive annual financial report (CAFR).

Goals

To provide the City Commission, City Manager, and all departments with timely and reliable financial information.

To provide financial guidance to all departments and assure conformance with City policies, GASB pronouncements, and generally accepted accounting principles.

To develop and maintain a financial policy & procedures manual.

To maintain the "Certificate of Achievement for Excellence in Financial Reporting."

To achieve the "Distinguished Budget Presentation Award."

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Finance

Personnel	346,653	391,686	408,319
Contractual Services	47,213	49,469	61,365
Commodities	4,227	7,815	7,160
Total Expenditures	398,093	448,970	476,844
FTE's	4	4	4

Information Technology

Mission

To provide reliable, innovative, cost-effective information technology solutions to City departments, agencies and local government units so they may be successful in achieving their own missions, while striving always to exceed expectations

Description

The IT department monitors, maintains, and enhances the City's technology network, tests new equipment, applications, and systems prior to implementation; and manages and upgrades all communications systems.

Goals

Facilitate the collection, storage, security and integrity of electronic data while ensuring appropriate access.

Encourage users to make better use of the newly implemented help desk portal.

Have an uptime of our systems at 99% or better.

Provide fast & reliable access to all information systems

Provide effective support for computer, voice, and data for all areas of the City

Provide leadership for effective strategic and planning in the use of technology

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Information Technology

Personnel	160,324	168,418	175,940
Contractual Services	300,731	254,750	253,300
Commodities	910	3,880	6,000
Transfer to Debt Service	55,275	54,263	-
Total Expenditures	517,240	481,311	435,240
FTE's	3	4	4

Note: Even though there are four IT personnel, 2 are assigned to the police department and their salaries are charged there.

Police Department

Mission

The Leavenworth Police Department is committed to working in partnership with our community to improve the quality of life in our City. Our mission is to provide police services in a fair, courteous and efficient manner. We are charged with upholding the laws of the City of Leavenworth, State of Kansas and the tenets of the Constitution and will do so with integrity and honesty.

Our foundation will be based upon community policing.

Everyone we come in contact with will be treated with compassion and respect without bias.

We will be accountable for our actions and acknowledge our mistakes.

Our effectiveness will be measured by the absence of fear in our neighborhoods and our ability to work in partnership with our community.

Description

The police department promotes public safety, health, and welfare by responding to emergency and non-emergency calls for service in an efficient and effective manner. Provides community safety while fostering an atmosphere of mutual trust and encouragement.

Goals

Resume normal staffing levels

Provide for the general public safety of our community

Reduction in crime

Reduction in injury traffic accidents

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Police Admin

Personnel*	1,043,916	1,106,680	1,224,761
Contractual Services*	273,539	420,708	480,325
Commodities	31,356	48,250	35,000
Total Expenditures	1,348,811	1,575,638	1,740,086
FTE's	12	12	12

Note: These totals include the cost of two IT personnel who are counted for in the IT budget. The significant increase in Contractual Services for 2018 and 2019 is due to the increased cost of data backups and cloud based storage related to increased use of technology such as car cameras, body cameras, crime scene scanners, and aerial drones. The other significant increase is related to Prisoner Care. The County changed the way they are charging for housing prisoners.

Police Operations

Personnel	4,253,862	4,911,450	4,857,167
Contractual Services	387,007	317,800	385,750
Commodities	196,245	241,500	222,271
Capital Outlay	-	18,000	18,000
Total Expenditures	4,837,114	5,488,750	5,483,188
FTE's	67	73	69

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Animal Control

Personnel	250,429	273,251	284,201
Contractual Services	50,778	40,700	48,500
Commodities	10,985	20,690	19,690
Total Expenditures	312,192	334,641	352,391
FTE's	4	4	4

Fire Department

Mission

The mission of the Leavenworth Fire Department is to protect life, property, and the environment by responding to emergency and non-emergency calls for service in an efficient and effective manner.

Description

Offer fire prevention training, fire suppression, protection, search and rescue operations, medical services, food safety, inspections, environmental emergencies, and other threats to health, safety, life, and property.

The Operations Division is staffed by three shifts working 24 hours on and 24 hours off rotation. All shifts are staffed with a minimum of one shift commander (Battalion Chief) and 13 personnel (4 Captains, 4 Driver Operators, and 5 Firefighters) of which most are Emergency Medical Technicians.

Goals

Establish and maintain an eligibility list and fill vacancies for the position of Firefighter as they arise to prevent additional overtime expenditures.

Continue to update and establish the Department's apparatus and equipment replacement strategy to reduce the fleets average age and maintenance cost for the future.

Provide emergency medical continuing education to assist our members with maintaining individual certifications and licenses.

Provide fire training to each member for a positive review by ISO (20 hours minimum per month)

Continue participation in Mid-America Regional Council's LEPC and RHSCC to maintain a regional presence and sustainment funding for our Regional Hazmat Team.

Establish HeartSafe Community Program teaching 500 citizens.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Fire Admin

Personnel	282,152	306,240	317,502
Contractual Services	94,712	103,404	100,179
Commodities	2,983	11,510	11,510
Total Expenditures	379,847	421,154	429,191
FTE's	3	3	3

Fire Suppression

Personnel	3,674,552	3,773,001	3,942,095
Contractual Services	65,506	66,000	81,300
Commodities	75,155	117,050	105,450
Capital Outlay	43	19,305	19,305
Total Expenditures	3,815,256	3,975,356	4,148,150
FTE's	49	49	49

Fire Prevention

Personnel	204,218	221,448	231,250
Contractual Services	1,710	3,320	3,770
Commodities	575	1,200	1,200
Total Expenditures	206,503	225,968	236,220
FTE's	2	2	2

Engineering & Public Works

Mission

The overall Mission is to ensure effective delivery of government services to the public, preservation of existing infrastructure, cost effective improvements to infrastructure to positively impact economic development and citizens' quality of life.

Description

Promote health, safety, and general welfare by setting construction standards, designing, developing, and administering City infrastructure projects including streets, sanitary sewer lines, storm water drainage systems, curbs, sidewalks, and miscellaneous building projects. Maintains a digital mapping and GIS system. Monitors and maintains compliance with federal EPA standards. Oversees city fleet and facility maintenance, street lighting, and fuel consumption.

Goals

Meet State and Federal requirements where applicable
Train employees to ensure workforce versatility
Meet all budget expectations in an efficient manner
Continue development of GIS/GPS work order system

Building & Grounds

Contractual Services	119,813	119,770	124,070
Commodities	3,116	6,850	6,850
Total Expenditures	<u>122,929</u>	<u>126,620</u>	<u>130,920</u>

Library Maintenance

Contractual Services	<u>14,436</u>	<u>15,380</u>	<u>15,380</u>
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<u>Prior Year</u>	<u>Current Year</u>	<u>Budgeted</u>
<u>2017 Actuals</u>	<u>2018 Estimated</u>	<u>2019 Adopted</u>

Engineering

Personnel	454,560	583,699	626,414
Contractual Services	14,595	17,629	17,265
Commodities	8,058	7,915	8,415
Total Expenditures	<u>477,213</u>	<u>609,243</u>	<u>652,094</u>

FTE's	8.00	8.00	8.25
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Note: The increase in personnel costs is related hiring an additional GIS technician. The personnel costs of this position will be split between engineering (25%) and storm water (75%).

Inspections

Personnel	267,393	311,528	322,273
Contractual Services	3,512	8,000	9,350
Commodities	3,539	6,290	6,290
Total Expenditures	<u>274,444</u>	<u>325,818</u>	<u>337,913</u>
FTE's	2	2	2

Street Lighting

Contractual Services	460,636	460,000	475,080
Commodities	1,292	2,000	2,000
Total Expenditures	<u>461,928</u>	<u>462,000</u>	<u>477,080</u>

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
Garage			
Personnel	163,839	221,205	229,820
Contractual Services	127,042	78,920	78,520
Commodities	536,816	543,450	545,350
Capital Outlay	5,018	-	-
Total Expenditures	<u>832,715</u>	<u>843,575</u>	<u>853,690</u>
FTE's	3	3	3
Service Center			
Personnel	68,421	75,806	78,870
Contractual Services	76,766	86,565	99,282
Commodities	7,079	6,080	11,290
Total Expenditures	<u>152,266</u>	<u>168,451</u>	<u>189,442</u>
FTE's	2	2	2

Sherman Army Airfield

Mission

Enhance access to the City for economic development and other transportations related functions.

Description

Provides and maintains airport runways, hangars, and facilities. Additionally, the airfield provides refueling services, catering, car rentals, computerized flight planning, and aircraft repair and parts.

The Sherman Army Airfield is located on Fort Leavenworth approximately one mile north of the City of Leavenworth. Although this is a military airfield, civilian access is unlimited.

The City has a contract with a fixed-base operator (FBO) to provide this service.

Prior Year	Current Year	Budgeted
2017	2018	2019 Adopted
Actuals	Estimated	

Airport

Contractual Services	<u>83,637</u>	<u>83,905</u>	<u>84,115</u>
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Community Development

Mission

The mission of the City of Leavenworth Community Development Department is to advise and recommend to City officials, boards, appointed commissions and resident's best practices for managing orderly and efficient change in the community. Ensuring a high standard of living where all citizens have access to basic human services including housing and transportation.

Description

The activities of the Community Development Department include creating a safe, healthy, accessible environment by planning for new development, enforcing city codes, coordinating housing, blight removal, home repairs, and other community appearance programs.

Goals

Establish city-funded source for demolition of blighted properties
Adopt 2015 International Property Maintenance Code
Explore possibility of Code Enforcement Officer issuing citations
Make Development regulations available online
Implement options for better tracking of Code Enforcement activities

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Planning & Zoning

Personnel	147,407	154,524	213,089
Contractual Services	5,049	3,775	7,748
Commodities	630	2,820	3,520
Total Expenditures	153,086	161,119	224,357
FTE's	2.0	2.0	3.0

Note: The increase in personnel costs is related hiring a Community Development Director at mid-year. The personnel costs of this position will be split between Planning and Housing. Housing is federally funded and not required to be budgeted according to Kansas budget laws, however, it is budgeted internally for internal control purposes.

Codes Enforcement

Personnel	195,213	210,789	218,632
Contractual Services	62,649	84,350	99,490
Commodities	4,009	5,500	5,500
Total Expenditures	261,871	300,639	323,622
FTE's	3.5	3.5	3.5

Parks and Receptions

Mission

The City of Leavenworth Parks & Recreation Department is committed to providing quality, leisure opportunities for its citizens and visitors. We pledge to provide and preserve safe, attractive, accessible, well maintained/managed parks, green spaces and public facilities. Conservation, health and wellness, social equity – these six words are our mission as our department works, assists and touches the lives of our community.

Description

Maintains 424 city parks as well as other city-owned properties including, sports fields, tennis and basketball courts, trees, playground equipment, aquatic centers, boat ramp, irrigation systems, walking trails, restrooms, campgrounds, shower house, parking lots, flower beds, picnic tables and benches, etc. The City park staff also removes graffiti on city-owned properties.

Goals

Improve amenities at less-used parks

Streamline registration, reservation, and payment processes for Parks and Receptions projects

Explore options for the development of Havens Park

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Parks

Personnel	545,979	588,219	604,090
Contractual Services	144,832	143,047	160,622
Commodities	86,269	98,059	103,059
Total Expenditures	777,080	829,325	867,771
FTE's	9.0	9.0	9.0

Riverfront Park

Personnel	7,543	7,650	7,650
Contractual Services	16,777	12,940	16,090
Commodities	1,061	200	1,200
Total Expenditures	25,381	20,790	24,940
FTE's	0.5	0.5	0.5

Recreation Fund

Mission

The City of Leavenworth Parks & Recreation Department is committed to providing quality, leisure opportunities for its citizens and visitors. Our recreational programs are designed to incorporate all ages and to provide accessible and affordable programs that promote healthy lifestyles, family interaction, and a sense of community. Our mission is not just for those who can pay but to create viable, desirable and livable community to benefit all people

Conservation, health and wellness, social equity – these six words are our mission as our department works, assists and touches the lives of our community.

Description

The recreation department delivers year round recreational opportunities and special events for the community for all ages, including team sports; aquatics; exercise programs; theater productions; music events, special venues for parties, conferences, conventions, meetings, receptions, etc.

Goals

Streamline registration, reservation, and payment processes for Parks and Recreations projects.

Our goal is to plan for a minimum of 75% of our programs to have a health and wellness component.

Maintaining social equity across programs and facilities. Focusing on how we are serving the community and ways to fund this expense through scholarships by forming partnerships and fundraising events. Offer online payment methods for donations. Organize a store campaign at checkouts.

Recreation Fund

	Prior Year	Current Year	Budgeted
	2017 Actuals	2018 Estimated	2019 Adopted
REVENUES			
Ad Valorem Tax	\$ 512,963	\$ 377,498	\$ 478,881
Delinquent Tax	\$ 5,808	\$ 6,000	\$ 6,000
Motor Vehicle Tax	\$ 67,547	\$ 68,814	\$ 47,158
Recreational Vehicle Tax			\$ 414
16/20M Vehicle Tax			\$ 84
Commercial Vehicle Tax			\$ 1,899
Liquor Tax	\$ 70,839	\$ 69,055	\$ 72,250
Charges for Services	\$ 646,626	\$ 647,000	\$ 665,175
Transfer from CIP	\$ 300,000	\$ 300,000	\$ 300,000
Transfer from General Fund			\$ 100,000
Miscellaneous	\$ 9,261	\$ 6,000	\$ 6,000
Total Revenues	\$ 1,613,044	\$ 1,474,367	\$ 1,677,861
EXPENDITURES			
Personnel	\$ 865,125	\$ 868,304	\$ 908,929
Contractual Services	\$ 609,940	\$ 610,000	\$ 635,092
Commodities	\$ 93,429	\$ 85,640	\$ 88,840
Capital Outlay	\$ 409	\$ 32,960	\$ 45,000
Total Expenditures	1,568,903	1,596,904	1,677,861
Revenues over (under) expenditures	44,141	-122,537	\$ -
Unencumbered cash balance, 1/1/201x	78,396	122,537	\$ -
Unencumbered cash balance, 12/31/201x	122,537	\$ -	\$ -

	Prior Year	Current Year	Budgeted
	2017 Actuals	2018 Estimated	2019 Adopted

Recreation

Personnel	275,100	286,966	302,240
Contractual Services	89,520	101,273	91,310
Commodities	45,276	47,872	47,497

Total Expenditures	409,896	436,111	441,047
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FTE's	3.5	3.5	3.5
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	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
Performing Arts Center			
Contractual Services	32,025	34,400	38,400
Commodities	4,369	2,940	3,975
Total Expenditures	<u>36,394</u>	<u>37,340</u>	<u>42,375</u>
Community Center			
Personnel	308,036	300,166	310,440
Contractual Services	439,144	432,002	452,682
Commodities	20,591	16,879	16,979
Capital Outlay	409	32,364	45,000
Total Expenditures	<u>768,180</u>	<u>781,411</u>	<u>825,101</u>
FTE's	7	7	7

Street and Highway Fund

Mission

The mission of the Street Maintenance Division is to provide safe, responsive, and effective road and street system.

Description

The department is responsible for the management and maintenance of City streets, curbs, gutters, sidewalks and storm drains in our community. It also maintains a street sweeping service, street signs and traffic signals. Seasonally provided services such as leaf collection, snow and ice control, and debris removal help to maintain safe transportation throughout the community

Goals

Create a long-term collector/arterial street plan.

Explore options for streetscape improvements.

Support projects and improvements that lead to annexation.

Explore alternative funding for storm water projects.

Special Highway Fund

	Prior Year	Current Year	Budgeted
	2017 Actuals	2018 Estimated	2019 Adopted
REVENUES			
Receipts:			
State of Kansas Gas Tax	\$ 961,684	\$ 976,620	\$ 980,190
County Transfers Gas	\$ 105,759	\$ 96,250	\$ 96,610
Charges for services	\$ 946,422	\$ -	\$ -
Fuel Tax	\$ 626	\$ 500	\$ 626
Transfer from General Fund	\$ -	\$ 80,000	\$ 80,000
Miscellaneous	\$ 32,945	\$ 22,427	\$ 23,500
Total Revenues	\$ 2,047,436	\$ 1,175,797	\$ 1,180,926
EXPENDITURES			
Personnel	\$ 721,022	\$ 725,000	\$ 744,755
Contractual Services	\$ 207,865	\$ 164,285	\$ 152,290
Commodities	\$ 200,874	\$ 221,835	\$ 279,525
Service Center expenses	\$ 47,345	\$ 47,345	\$ 47,345
Capital Reserves	\$ -	\$ -	\$ 928,329
Total Expenditures	\$ 1,177,106	\$ 1,158,465	\$ 2,152,244
Revenues over (under) expenditures	\$ 870,330	\$ 17,332	\$ (971,318)
Unencumbered cash balance, 1/1/201x	\$ 85,947	\$ 956,277	\$ 973,609
Unencumbered cash balance, 12/31/201x	<u>\$ 956,277</u>	<u>\$ 973,609</u>	<u>\$ 2,291</u>

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
Street & Alley Maintenance			
Personnel	666,730	669,174	678,427
Contractual Services	183,640	147,855	126,880
Commodities	163,763	181,066	233,075
Service Center Expenses	47,345	47,345	47,345
Capital Reserves	-	-	928,329
Total Expenditures	<u>1,061,478</u>	<u>1,045,440</u>	<u>2,014,056</u>
FTE's	12	12	12
Traffic Control			
Personnel	54,292	63,710	66,128
Contractual Services	24,225	16,430	25,410
Commodities	37,111	37,450	46,650
Total Expenditures	<u>115,628</u>	<u>117,590</u>	<u>138,188</u>
FTE's	1	1	1

Economic Development Fund

Mission

Promote, enhance, and encourage economic growth and prosperity.

Description

Offers information and assistance to companies and entrepreneurs who are interested in starting, relocating, or expanding. Markets the community to targeted businesses and works with elected officials and community partners to ensure a positive business environment exists. Assists with grants, loans, and other incentives.

Goals

Explore options to market new business park.

Lobby and advocate for federal funding for a new medium-security prison and increased maintenance funding for existing prison.

Support recommendations from the 27 Committee (Global Security/Innovations).

Explore rezoning and resource allocation options that would focus on commercial development.

Pursue future downtown and northeast TIF area improvement projects.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
REVENUES			
Sales Tax	396,329	400,222	424,752
Miscellaneous	958	1,771	-
Total Revenues	397,287	401,993	424,752
EXPENDITURES			
Personnel	19,777	21,045	43,495
Contractual Services	211,221	244,923	460,499
Capital Outlay	-	-	40,000
Operating Reserves	-	141,134	424,342
Total Expenditures	230,998	407,102	968,336
Revenues over (under) expenditures	166,289	(5,109)	(543,584)
Unencumbered cash balance, 1/1/201x	382,404	548,693	543,584
Unencumbered cash balance, 12/31/201x	548,693	543,584	-
 FTE's	 -	 0.2	 0.3

Note: The Assistant City Manager allocates time between economic development activities and tourism activities; as well as, normal responsibilities. Therefore, those personnel expenses are allocated to the Economic Development and Convention & Visitors Bureau Fund in the 2018 and the 2019 budget.

Convention and Visitors Bureau Fund

Mission

Promote, enhance, and encourage travel demand.

Description

Offers information and assistance to companies, groups, and individuals who are interested in business and leisure travel, conferences, conventions, and other meetings to encourage economic growth for local businesses.

Goals

Boost travel demand through statewide industry events and extend invitations to meet in Leavenworth for future meetings.

Concentrate of social, military, education, religious, and fraternal markets.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
REVENUES			
Transient Guest Tax	341,317	350,000	440,000
Miscellaneous	175	-	-
Total Revenues	341,492	350,000	440,000
EXPENDITURES			
Personnel	130,236	139,843	144,684
Contractual Services	71,350	105,305	140,160
Commodities	8,090	10,580	12,980
Capital Outlay	2,290	20,000	5,000
Operating Reserves	33,970	20,000	569,487
Total Expenditures	245,936	295,728	872,311
Revenues over (under) expenditures	95,556	54,272	(432,311)
Unencumbered cash balance, 1/1/201x	282,483	378,039	432,311
Unencumbered cash balance, 12/31/201x	378,039	432,311	-
FTE's	1.5	2.2	2.3

Note: In 2017 the part time Administrative Assistant became a full time position. In 2018, the Assistant City Manager allocates time between economic development activities and tourism activities; as well as, normal responsibilities. Therefore, those personnel expenses are allocated to the Economic Development and Convention & Visitors Bureau Fund in the 2018 and the 2019 budget.

Probation

Mission Statement

Description

Probation services supports the mission of the Court by serving the court and reducing offender recidivism in such a manner as enhances the fairness and integrity of the Court's decisions, promotes accountability and responsive in its enforcement of the Court's orders, and advances public trust.

Provides evidence-based interventions, treatment programs, and supervision techniques designed to alter probationers' behavior in order to reduce recidivism.

Probation

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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REVENUES

Liquor Tax	70,839	69,055	72,250
Charges for Services	93,442	89,133	107,768
Intergovernmental	86,340	-	-
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Total Revenues	250,621	158,188	180,018

EXPENDITURES

Personnel	135,822	149,152	166,214
Contractual Services	14,653	20,856	34,366
Commodities	5,325	7,497	11,130
Operating Reserves	-	-	43,812
<hr/>			
Total Expenditures	155,800	177,505	255,522
Revenues over (under) expenditures	94,821	(19,317)	(75,504)
Unencumbered cash balance, 1/1/201x	-	94,821	75,504
Unencumbered cash balance, 12/31/201x	94,821	75,504	-

FTE's 2.5 2.5 2.5

Note: Prior to 2017, Probation services were provided by the County. In 2017, the City began providing probation services which were part of General Fund, however, in 2018 these transactions were moved to a separate Special Revenue Fund in order to better track the activities.

Wastewater Fund

Mission

The Wastewater Treatment Plant's mission is to at all times properly operate and maintain the facilities and collection system to achieve compliance with Federal and State Regulations and to protect the public health and environment.

Description

The Water Pollution Control staff protects the health, safety, welfare, and environment of the citizens by conveying and treating sanitary waste. Staff uses current technology to prevent disease and nuisances, avoid public water contamination and silting of navigable waterways, maintain clean water aquatic species, bathing, recreations and conservation.

Provide a safe workplace

Reduce Odors onsite and offsite

Replace aging equipment and improve system reliability

Operate our system to avoid overflows and meet State and Federal Standards

Sewer Fund

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
REVENUES			
Charges for Services	\$ 4,323,162	\$ 4,532,472	\$ 4,812,826
Miscellaneous	\$ 15,620	\$ 12,220	\$ 7,800
Total Receipts	\$ 4,338,782	\$ 4,544,692	\$ 4,820,626
EXPENDITURES			
Personnel	\$ 958,674	\$ 1,157,112	\$ 1,210,528
Contractual Services	\$ 1,943,910	\$ 1,632,032	\$ 1,715,157
Commodities	\$ 331,767	\$ 275,760	\$ 490,590
Debt Repayment	\$ 897,359	\$ 893,568	\$ 765,123
Capital Outlay	\$ 500,879	\$ 852,841	\$ 922,805
Capital Lease	\$ -	\$ -	\$ 133,950
Operating Reserves			\$ 605,393
Total Expenditures	\$ 4,632,589	\$ 4,811,313	\$ 5,843,546
Revenues over (under) expenditures	\$ (293,807)	\$ (266,621)	\$ (1,022,920)
Unencumbered cash balance, 1/1/201x	\$ 1,583,348	\$ 1,289,541	\$ 1,022,920
Unencumbered cash balance, 12/31/201x	\$ 1,289,541	\$ 1,022,920	\$ -

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Treatment Plant

Personnel	475,486	614,456	643,375
Contractual Services	1,644,360	1,325,928	1,374,016
Commodities	278,279	209,060	421,790
Capital Outlay	-	-	422,805
Capital Lease Payment	-	-	133,950
Operating Reserves	-	-	605,393
Total Expenditures	2,398,125	2,149,444	3,601,329
FTE's	9	9	9

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Sewer Collection

Personnel	422,206	446,779	467,328
Contractual Services	207,231	211,479	242,666
Commodities	34,492	46,100	46,100
Capital Outlay	-	302,841	-
Total Expenditures	663,929	1,007,199	756,094
FTE's	8	8	8

Storm Sewers

Personnel	60,983	95,877	99,825
Contractual Services	71,034	94,625	98,475
Commodities	18,996	20,600	22,700
Capital Outlay	(5,012)	-	-
Total Expenditures	146,001	211,102	221,000
FTE's	2	2	2

Sewer Capital Projects

Contractual Services	21,285	-	-
Capital Outlay	505,891	550,000	500,000
Debt Service	897,359	893,568	765,123
Total Expenditures	1,424,535	1,443,568	1,265,123

Refuse Fund

Mission

The mission of the City of Leavenworth Refuse Department is to provide a quality curbside refuse removal service as well as maintaining voluntary recycling and yard waste disposal sites for the residents of the City of Leavenworth, Kansas.

Description

City Ordinance enforces curbside refuse service and City staff provides service for all single units, up to 4-plexes. Businesses and larger residential units are exempt unless authorized by City management.

All curbside refuse is transported by City refuse trucks to a local transfer station or direct-hauled to a licensed landfill. The Recycling Site and Brush Site are open to residential customers or contractors that are approved by the City of Leavenworth and performing work within City limits. The service offered is voluntary for City residents with the products being recycled and therefore avoiding the waste stream. This division operates under the Public Works Department. The Solid Waste Division serves as an informational office for residents and business owners regarding State/City recycling and disposal guidelines.

Goals

Provide the City residents with a fair and equitable curbside refuse disposal, while offering a method of voluntary recycle for yard waste along with plastics, glass, tin, aluminum cans, cardboard, paper products, various sizes and types of batteries, cell phones and electronic waste.

Refuse Fund

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
REVENUES			
Charges for Services	\$ 1,962,730	\$ 2,045,151	\$ 2,150,391
Miscellaneous	\$ 9,369	\$ 300	\$ 300
Total Receipts	\$ 1,972,099	\$ 2,045,451	\$ 2,150,691
EXPENDITURES			
Personnel	\$ 705,463	\$ 801,329	\$ 831,341
Contractual Services	\$ 935,412	\$ 863,700	\$ 768,281
Commodities	\$ 200,069	\$ 213,935	\$ 253,435
Service Center Expenses	\$ 47,345	\$ 47,345	\$ 47,345
Capital Outlay	\$ 105,997	\$ -	\$ 120,000
Transfer to Refuse Restricted	\$ 36,500	\$ 10,000	\$ 10,000
Miscellaneous	\$ -	\$ 339	\$ -
Operating Reserves	\$ -	\$ 108,464	\$ 337,950
Total Expenditures	\$ 2,030,786	\$ 2,045,112	\$ 2,368,352
Revenues over (under) expenditures	\$ (58,687)	\$ 339	\$ (217,661)
Unencumbered cash balance, 1/1/201x	\$ 276,009	\$ 217,322	\$ 217,661
Unencumbered cash balance, 12/31/201x	\$ 217,322	\$ 217,661	\$ -

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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Collection

Personnel	616,298	699,644	726,635
Contractual Services	915,685	849,771	749,206
Commodities	197,201	207,115	248,250
Capital Outlay	105,997	-	120,000
Service Center Expenses	47,345	47,345	47,345
Transfer to Refuse Restricted	36,500	10,000	10,000
Operating Reserves	-	108,464	337,950

Total Expenditures	<u>1,919,026</u>	<u>1,922,339</u>	<u>2,239,386</u>
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FTE's	7.0	7.5	7.5
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Disposal

Personnel	89,166	101,685	104,706
Contractual Services	19,727	13,929	19,075
Commodities	2,869	6,820	5,185
Miscellaneous	-	339	-

Total Expenditures	<u>111,762</u>	<u>122,773</u>	<u>128,966</u>
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FTE's	5	5	5
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Refuse Restricted

Contractual Services	-	17,049	35,760
Capital Outlay	10,740	-	-

Total Expenditures	<u>10,740</u>	<u>17,049</u>	<u>35,760</u>
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Housing-Planters II Fund

Mission

The mission of the Leavenworth Housing Authority Low Rent Program (Planters II) is to provide safe, decent, and sanitary housing conditions for low income families.

Description

The Leavenworth Housing Authority (LHA) provides income based housing at Planters II, a 105-unit apartment complex, giving a preference to elderly and/or disabled persons. Ensures that all apartments are maintained by the tenant and by the LHA. Ensures that the building and grounds are up to code, well maintained, all repairs are performed; contracts are obtained to service all major equipment. Complies with all fair housing and equal opportunity requirements, HUD regulations and requirements, the PHA's, ACOP, and all other applicable federal, state, and local codes, laws, and/or regulations.

Goals

The Leavenworth Housing Authority will strive to continue the High Performer status each year.

The Leavenworth Housing Authority will work with various contractors/vendors to establish a 5 year plan for capital improvements at Planters II and will continue performing upgrades/repairs/rehab to the Planters II building and grounds.

The Leavenworth Housing Authority will continue to assist eligible families with affordable housing.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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REVENUES

Charges for Services	\$ 413,951	\$ 382,000	\$ 414,100
Federal Grants	\$ 188,949	\$ 180,644	\$ 235,340
Miscellaneous	\$ 13,861	\$ 718,692	\$ 800,748
Total Receipts	\$ 616,761	\$ 1,281,336	\$ 1,450,188

EXPENDITURES

Personnel	\$ 176,539	\$ 196,870	\$ 212,740
Contractual Services	\$ 332,881	\$ 327,989	\$ 359,685
Commodities	\$ 39,015	\$ 25,840	\$ 40,075
Capital Outlay	\$ -	\$ 21	\$ -
Operating Reserves	\$ -	\$ 659,993	\$ 837,688
Total Expenditures	\$ 548,435	\$ 1,210,713	\$ 1,450,188
Revenues over (under) expenditures	\$ 68,326	\$ 70,623	\$ -
Unencumbered cash balance, 1/1/201x	\$ 712,352	\$ 780,678	\$ 851,301
Unencumbered cash balance, 12/31/201x	\$ 780,678	\$ 851,301	\$ 851,301

FTE's	3.5	3.5	3.5
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Housing-Section 8 Fund

Mission

The Leavenworth Housing Choice Voucher (HCV) and Veterans Affairs Supportive Housing (VASH) programs strive to provide safe, decent and sanitary housing conditions for very low-income families and to manage resources efficiently. The programs promote personal, economic and social upward mobility to provide families the opportunity to make the transition from subsidized to non-subsidized housing.

Description

The LHA administers the HCV program under contract with HUD by reviewing applications, maintaining the waiting list, issues vouchers for eligible families, conducts outreach to owners, provides housing assistance payments in a timely manner in accordance with grant requirements.

Goals

To assist as many families and veterans as funding allows.

To rate as a high performing housing authority.

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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REVENUES

Charges for Services	\$ 90,788	\$ 84,299	\$ 90,800
Federal Grants	\$ 1,853,937	\$ 1,635,796	\$ 1,845,600
Miscellaneous	\$ 10,292	\$ 336,054	\$ 297,630
Total Receipts	\$ 1,955,017	\$ 2,056,149	\$ 2,234,030

EXPENDITURES

Personnel	\$ 96,576	\$ 108,053	\$ 112,085
Contractual Services	\$ 1,771,246	\$ 1,613,125	\$ 1,771,870
Commodities	\$ 7,540	\$ 650	\$ 700
Debt Service	\$ 2,400	\$ 2,400	\$ 2,400
Operating Reserves	\$ -	\$ -	\$ 346,975
Total Expenditures	\$ 1,877,762	\$ 1,724,228	\$ 2,234,030
Revenues over (under) expenditures	\$ 77,255	\$ 331,921	\$ -
Unencumbered cash balance, 1/1/201x	\$ 313,895	\$ 391,150	\$ 723,071
Unencumbered cash balance, 12/31/201x	\$ 391,150	\$ 723,071	\$ 723,071
FTE's	\$ 1.5	\$ 1.5	\$ 1.5

Community Development Fund

Mission

The mission of the Community Development Block Grant (**CDBG**) serves two national objectives by providing services to lower income households and removal or prevention of blight and blighting influences.

Description

The Community Development Office plans and implements all aspects of the Community Development Block Grant program, including the preparation and submission of a 5-year Consolidated Plan and Annual Action Plans. Individual projects and activities, such as home repairs, demolitions, emergency shelter, first time home buyer's programs, medical services, food and nutrition programs, after schools and summer programs for children, among others, are developed, implemented, and monitored according to specific HUD procedures and requirements. The CD Office is responsible for application of the Emergency Solutions Grant through the Kansas Housing Resources Corporation (KHRC).

Goals

- To advertise and promote CDBG projects to qualified applicants
- To identify unmet community needs and create projects to meet those needs
- To continuously update lists of qualified contractors
- To provide assistance to local social service agencies
- To promote fair housing practices in Leavenworth

	Prior Year 2017 Actuals	Current Year 2018 Estimated	Budgeted 2019 Adopted
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CDBG

REVENUES

Federal Grants	\$ 304,630	\$ 319,683	\$ 334,736
Miscellaneous	\$ -	\$ -	\$ 100,000
Total Receipts	\$ 304,630	\$ 319,683	\$ 434,736

EXPENDITURES

Personnel	\$ 77,731	\$ 80,063	\$ 95,533
Contractual Services	\$ 215,937	\$ 277,495	\$ 339,053
Commodities	\$ 184	\$ 150	\$ 150
Total Expenditures	\$ 293,852	\$ 357,708	\$ 434,736
Revenues over (under) expenditures	\$ 10,778	\$ (38,025)	\$ -
Unencumbered cash balance, 1/1/201x	\$ 313,895	\$ 324,673	\$ 286,648
Unencumbered cash balance, 12/31/201x	\$ 324,673	\$ 286,648	\$ 286,648

FTE's	1.5	1.5	1.5
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APPENDICES



	2018	2019	2020	2021	2022	Total
Revenue						
Sales Tax Revenue	\$ 2,209,028	\$ 2,242,000	\$ 2,276,000	\$ 2,310,000	\$ 2,345,000	\$ 11,382,028
Available Balance	\$ 426,042	\$ 520,000	\$ 520,000	\$ 520,000	\$ 520,000	\$ 2,506,042
Total Revenue	\$ 2,635,070	\$ 2,762,000	\$ 2,796,000	\$ 2,830,000	\$ 2,865,000	\$ 13,888,070
Expenditures						
Debt Payments						
Animal Control(2025)	\$ 256,568	\$ 258,268	\$ 254,330	\$ 255,280	\$ 256,255	\$ 1,280,701
Fire Truck bond Payment-15 yr.(2031)	\$ 109,188	\$ 106,788	\$ 109,388	\$ 107,688	\$ 107,328	\$ 540,380
Downtown Hotel-10 year(2025)	\$ 68,140	\$ 66,408	\$ -	\$ -	\$ -	\$ 134,548
Ongoing Projects						
Community Center Operations	\$ 300,000	\$ 200,000	\$ 100,000	\$ -	\$ -	\$ 600,000
Equipment Replacement (1)	\$ 300,100	\$ 295,800	\$ 295,800	\$ 295,800	\$ 295,800	\$ 1,483,300
Curb Program	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 580,000
Computer Equipment	\$ 28,000	\$ 28,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 185,000
Traffic Signals	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000
Bridge Inspection Program	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 50,000
Short-Term Projects						
Fire:						
Jaws of Life	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000
Station Carpeting	\$ 12,500	\$ -	\$ -	\$ -	\$ -	\$ 12,500
Metal clothes lockers	\$ 12,500	\$ -	\$ -	\$ -	\$ -	\$ 12,500
PIO:						
Commission Chairs	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500
Audio Upgrade	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ 16,000
Police:						
Justice Center Parking Lot	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ 40,000
Crime Scene scanner	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Parks & Recreation:						
Tractor	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000
Infield Grooming Machine	\$ -	\$ 19,000	\$ -	\$ -	\$ -	\$ 19,000
Riverview Room Carpet Replacement	\$ -	\$ 21,600	\$ -	\$ -	\$ -	\$ 21,600
Ball field resurfacing (total of 3 fields)	\$ 22,000	\$ 39,520	\$ -	\$ -	\$ -	\$ 61,520
Recreation Software	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Dougherty Park Basketball Resurfacing	\$ -	\$ 89,750	\$ -	\$ -	\$ -	\$ 89,750
Chaise lounge chairs-Wollman	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
North Esplanade Light pole replacement	\$ -	\$ 11,730	\$ -	\$ -	\$ -	\$ 11,730
Public Works:						
Work Order system	\$ 26,000	\$ -	\$ -	\$ -	\$ -	\$ 26,000
RFCC Stone Replacement-Phase II	\$ -	\$ 340,000	\$ 340,000	\$ -	\$ -	\$ 680,000
Service Center Canopy (2)	\$ 15,000	\$ 65,000	\$ -	\$ -	\$ -	\$ 80,000
Skid Steer w/ Milling Attachment (4)	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Traffic signal pole	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
LED light upgrades	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Traffic Control battery backups	\$ -	\$ 44,616	\$ -	\$ -	\$ -	\$ 44,616
Mini Excavator	\$ -	\$ 44,000	\$ -	\$ -	\$ -	\$ 44,000
Salt Spreader Walk ways	\$ 31,488	\$ -	\$ -	\$ -	\$ -	\$ 31,488
Public Works Building Repairs						
Mechanical Room modifications	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000
City Hall Parapet repair	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 70,000
MSC repairs to brick	\$ -	\$ 31,226	\$ -	\$ -	\$ -	\$ 31,226
Information Technology						
E-mail and Web filtering	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Antimalware and Anti-virus protection	\$ 17,640	\$ -	\$ -	\$ -	\$ -	\$ 17,640
Wireless & switch upgrades for all bldgs.	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 120,000
Library:						
Library Atrium (3)	\$ 66,500	\$ -	\$ -	\$ -	\$ -	\$ 66,500
Library Parking Lot lights	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 7,000
Other Projects - Contingency	\$ 400,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,400,000
Total Expenditures	\$ 2,242,124	\$ 2,444,706	\$ 1,818,518	\$ 1,362,768	\$ 1,338,383	\$ 9,206,499

Countywide Sales Tax Fund						
	2018	2019	2020	2021	2022	Total
Revenue						
Sales Tax Revenue	\$ 2,538,799	\$ 2,576,881	\$ 2,615,534	\$ 2,654,767	\$ 2,694,589	\$ 13,080,570
Available Balance	\$ 274,786	\$ 287,153	\$ -	\$ -	\$ -	\$ 561,939
Total Revenue	\$ 2,813,585	\$ 2,864,034	\$ 2,615,534	\$ 2,654,767	\$ 2,694,589	\$ 13,642,509
Expenditures						
Debt Reduction	\$ 380,820	\$ 386,532	\$ 392,330	\$ 398,215	\$ 404,188	\$ 1,962,086
Economic Development	\$ 380,820	\$ 386,532	\$ 392,330	\$ 398,215	\$ 404,188	\$ 1,962,086
Sidewalk Program						
Unallocated	\$ 380,820	\$ 386,532	\$ 392,330	\$ 398,215	\$ 404,188	\$ 1,962,086
4th Street & Muncie Intersection Sidewalk	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500
4th Street & Idaho Intersection Sidewalk	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ 5,500
Storm water Program						
South Esplanade Slope Repair	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
16th Terrace & Thornton Drainage (from 2017)	\$ 45,350	\$ -	\$ -	\$ -	\$ -	\$ 45,350
14th & Pawnee Drainage	\$ 294,515	\$ -	\$ -	\$ -	\$ -	\$ 294,515
3 Mile Creek Stabilization	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Unallocated	\$ -	\$ 386,532	\$ 392,300	\$ 398,215	\$ 404,188	\$ 1,581,235
Business & Technology Park (retired in 2037)	\$ 303,003	\$ 347,865	\$ 350,665	\$ 348,065	\$ 350,265	\$ 1,699,863
2nd Street Bridge Debt Service	\$ 245,429	\$ 245,675	\$ 244,800	\$ -	\$ -	\$ 735,904
Performing Arts Center HVAC	\$ 58,860	\$ -	\$ -	\$ -	\$ -	\$ 58,860
Networking System upgrades	\$ 164,840	\$ 164,840	\$ -	\$ -	\$ -	\$ 329,680
RFCC Roof & Skylight Replacement	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ 140,000
Fire Station 1 HVAC repairs	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ 95,000
Cody Park Playground Equipment	\$ 125,400	\$ -	\$ -	\$ -	\$ -	\$ 125,400
Stubby Park playground	\$ -	\$ 135,000	\$ -	\$ -	\$ -	\$ 135,000
Total Expenditures	\$ 2,536,709	\$ 2,439,508	\$ 2,164,755	\$ 1,940,925	\$ 1,967,018	\$ 11,380,064
Annual Net	\$ 276,876	\$ 424,526	\$ 450,779	\$ 713,842	\$ 727,571	\$ 2,593,594
Accumulated Balance	\$ 276,876	\$ 701,402	\$ 1,152,181	\$ 1,866,023	\$ 2,593,594	\$ 6,590,076
Reserve Target	\$ 367,942	\$ 257,688	\$ 261,553	\$ 265,477	\$ 269,459	\$ 1,422,119

General Obligation Notes and Bonds						
	2018	2019	2020	2021	2022	Total
Revenue						
Pavement Management	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	6,750,000
Total Expenditures	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	6,750,000
Amount Levied	6,495,016	6,559,966	6,625,566	6,691,821	6,772,123	26,372,369
Ordinance 56 maximum limit	28%	28%	28%	28%	28%	28%
	1,787,284	1,818,604	1,836,791	1,855,158	1,873,710	9,171,547
	1,404,295	1,428,904	1,443,193	1,457,624	1,472,201	5,734,015
	22%	22%	22%	22%	22%	

Capital Expenditures from Operating Budgets						
Sewer Fund						
	2018	2019	2020	2021	2022	Total
Revenue						
Sewer Line Rehabilitation	\$ 580,000	\$ 500,000	\$ 507,500	\$ 515,117	\$ 522,846	\$ 2,625,463
Vactor Truck	\$ 132,634	\$ 132,634	\$ 132,634	\$ -	\$ -	\$ 397,902
Sewer UV Lamps	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software Maintenance used for Debt Sv	\$ 4,536	\$ 6,036	\$ 2,300	\$ -	\$ -	\$ 12,872
Sewer Repairs	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000
Air handler	\$ -	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Wireless for WPC (and \$75 monthly)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lift Station Improvement Plan	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Sewer Camera Operations	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Sewer Belt Filter Press Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Potable Water system strainer	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Utility Storage building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Variable Speed Drives	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Sewer Dumps Trucks	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ -	\$ 240,000
Vehicle Replacement	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 100,000
Cody Park Crossing	\$ 98,500	\$ -	\$ -	\$ -	\$ -	\$ 98,500
Total Expenditures	\$ 1,275,670	\$ 1,258,670	\$ 842,434	\$ 715,117	\$ 722,846	\$ 4,814,737

Total Unfunded

		Requested	Approved
Thornton Street Repair		\$4,054,000	\$ -
Fire Station #3 Replacement		\$3,300,000	\$ -
Cherokee Street Overlay		\$ 735,000	\$ -
Osage, 5th to 6th St		\$ 463,770	\$ -
RFCC Back Up Generator		\$ 200,000	\$ -
Havens Restroom Replacement		\$ 195,000	\$ -
WPC Storage		\$ 125,000	\$ -
Parks Equip Storage Bldg		\$ 60,000	\$ -
MSC Parking Lot overlay		\$ 55,000	\$ -
Gymnasium Sound Dampening		\$ 28,000	\$ -
City Clerk Security Enhancement		\$ 28,000	\$ -
Riverview Room Carpeting		\$ 21,600	\$ -
Building Security Access		\$ 15,443	\$ -
Fuel Master Upgrade		\$ 13,605	\$ -
Land Purchase @ 776 Thornton		\$ 12,460	\$ -
City Hall Ice Machine		\$ 3,000	\$ -

APPENDIX B-Financial Policies and Procedures Manual

INTRODUCTION

Effective, sustainable financial management requires strong internal controls, sound practices, and oversight from several people within the organization. Financial policies and procedures:

- Establish strong financial management practices. Formal documented policies and procedures often outlast the administration that created them, thus providing stability and consistency.
- Provide understanding of the organization's approach in managing resources in order to meet the needs of the community.
- Defines authorization levels for staff.
- Encourages long-term financial management and strategic planning.
- Promotes accountability and limits financial risks.
- Ensures compliance with industry standards, and federal and state requirements.
- Strengthen bond ratings that reduce debt issuance expenses.

The financial policies contained in this document were developed by the Finance Staff, reviewed by the City Manager and approved by the City Commission to ensure the City is functioning in a financially responsible manner and is prepared for changes in economic conditions.

The financial procedures included in this document were developed by the Finance staff and reviewed and approved by the City Manager. They are based on the Government Finance Officers Association's (GFOA) established Best Practices, recommendations by City auditors, Kansas State Statutes, and adapted to the requirements of the City of Leavenworth.

These financial policies and procedures will be reviewed and updated on a regular basis to ensure that they are still relevant to the organization's activities and processes, as well as, industry standards.

PURPOSE

The purpose of the financial management policies and procedures is to provide a framework from which the City Commission, City Manager, Finance, and all city departments may work to maintain the care and safety of assets, divide responsibilities to reduce risk, and to ensure that the internal controls are disclosed to and fully understood by everyone involved. Effective internal controls and financial management practices ensure compliance with federal, state, and local requirements, as well as, industry standards. The purpose of this manual is to provide a centralized location for the City's financial policies and procedures.

SCOPE

The financial policies and procedures contained herein are based on best practices established by the GFOA, Federal and Kansas Statutes, and City Ordinances. These policies and procedures apply to all City financial transactions. However, they will not prevent the City from complying with the terms and conditions of any grant, gift, bequest, or cooperative agreement.

RESPONSIBILITIES

City Commission

The City Commission acts as the legislative function of City government and has the responsibility and authority to establish financial policies that provide guidelines for the City Manager to implement. The City Commission and City Manager have the sole authority for any deviation from established policies. The Commission shall authorize the City Manager to establish procedures that achieve sound financial practices.

City Manager

The City Manager acts as the executive function of City government and has the responsibility and authority to implement the financial policies established by the City Commission, and to establish the necessary procedures to carry out those policies. The City Manager has the authority to delegate implementation of procedures necessary to accomplish Commission goals to the Department Directors and Finance Director.

Department Directors

Department Directors have the authority and responsibility for:

- Making decisions consistent with the established financial policies and procedures, including but not limited to the adopted budget, capital asset management, purchasing, cash management, and others as applicable.
- Ensuring that all personnel in their department are knowledgeable of and fully understand the policies and procedures applicable to their assigned duties.
- Ensuring that the financial policies and procedures are applied uniformly and consistently.

Finance Director

The Finance Director has the responsibility and authority to:

- Develop, propose, and recommend sound financial policies and procedures to the City Manager for approval.
- Direct and manage financial processes consistent with the adopted policies and established procedures and industry standards.
- Ensure financial accountability and transparency, long-term planning, risk management, and strong bond ratings.
- Manage resources in a financially responsible manner.
- Review and update policies and procedures on a regular basis.

City Employees

- City employees will have the authority and responsibility as designated to them by their Department Director/Supervisor.
- Be familiar and comply with policies and procedures applicable to their duty assignments.
- Manage equipment, supplies, materials, and resources in a responsible manner.

SEGREGATION OF DUTIES

Segregation of duties is an internal control process that is designed to prevent error and fraud by ensuring that two or more individuals have responsibility for the completion of separate parts of processes or transactions. Responsibilities may also be rotated to provide a deterrent to fraud or to make it more difficult for collusion or collaboration to engage in fraudulent activity.

The City will establish segregation and rotation of duties to increase the opportunity to detect and correct errors and to reduce the opportunity for fraudulent activities.

The City will provide fraud reporting procedures. Any suspicion of fraud will be reported to the appropriate personnel in a timely manner for further investigation.

CONFLICTS OF INTEREST

A conflict of interest exists when a person has a responsibility to more than one party/interest, which can render that person incapable of making an impartial decision.

City Commission and staff will:

- Actively avoid the appearance or fact of conflicting interests.
- Discharge their duties impartially.
- Refrain from engaging in any outside matters incompatible with completing official duties in an objective, impartial manner.

- Not directly or indirectly seek or accept personal gain which could influence or appear to influence the completion of official duties in an impartial or objective manner.
- Not use public property or resources for personal or political gain.

Records Retention

The City will retain its records, both hard and electronic copies in accordance with K.S.A 12-120 and K.S.A. 12-121 which includes the following minimums:

- Accounting records of utility customers 3 years
- Bonds of officers and employees 10 years
- Cancelled bonds and coupons 5 years from maturity date
- Cancelled checks 5 years
- Claims with attached purchase orders 5 years
- Duplicates of issued licenses 3 years
- Duplicates of receipts 3 years
- Duplicates of utility bills sent to customers 5 years
- Insurance policies 5 years from expiration date
(unless there is a pending claim)
- Requisitions and duplicate purchase orders 3 years
- Warrants or warrant checks, paid 5 years

These minimum requirements do not exempt or preclude maintaining grant records in accordance with specific grant requirements.

POLICIES

City of Leavenworth, Kansas

Budget Policy

(Commission approved March 2017)

INTRODUCTION

The preparation and adoption of the annual budget is the critical responsibility of the commission and its management team. It is also their main management tool. A budget is an operating plan that identifies likely sources and uses of resources and helps assess the effect they have on the City's financial position. There are many benefits to budgeting these anticipated sources and uses:

- An annual budget provides an opportunity to monitor and adjust activities as necessary.
- Governmental entities need to show compliance with legislative and resource requirements. Establishing an annual budget acknowledged those restrictions and shows compliance with them.
- Budgets also represent the embodiment of commission policies and priorities.
- An annual budget provides spending authority.
- An annual budget provides the authority to levy taxes.

PURPOSE

Effective financial management practices include budget policies and procedures that ensure financial stability. The purpose of this budget policy is to establish a framework from which the City Commission, City Manager, and all city departments may work together to provide quality services to the citizens while maintaining financial viability.

SCOPE

This policy will apply to all of the City's operating funds that are required to be budgeted by the State of Kansas budget laws.

POLICY STATEMENT

The City of Leavenworth is committed to:

- Effective management and monitoring of City resources, including the use of long-term financial planning and long-term capital improvement planning.
- Compliance with the State of Kansas Budget Laws
- Maintaining acceptable reserve levels

The State of Kansas requires that a balanced budget be prepared on an annual basis. Kansas budget laws allow for the use of unrestricted cash balances to be used to offset shortfalls between anticipated revenues and expenditures. However, the City of Leavenworth is committed to maintaining an acceptable minimum reserve level, therefore, only the portion of unrestricted cash balances that exceeds the minimum reserve level identified in the City's Budgetary Reserve Policy will be used to offset shortfalls between anticipated revenues and expenditures.

The City of Leavenworth will use a fund type of budget format that includes applicable receipts and expenditures for three years, which are presented in a financial statement manner for each fund. In accordance with Kansas budget law, the three years will include:

- Prior Year Actuals
- Current Year Estimate
- Proposed Future Year

The use of this format clearly defines the sources and uses of the City's resources by program or services provided. These programs and services will include all revenues and direct and indirect costs that are measurable, allowable, and allocable.

The City's basis of budgetary accounting conforms to Kansas Cash Basis Budget Laws.

BUDGET CALENDAR

The City's Budget Calendar will be as follows:

March	Long term financial plan will be presented to the commission at a working session along with preliminary revenue projections by finance for the next budget year
April	Budget instructions are distributed to Departments and meetings are scheduled to explain instructions

May	Department requests are due
June	Receive estimates of assessed values from the County; adjust budget projections as necessary; meetings with City Manager, department directors, and Finance
July	Meetings with Commission, City Manager, and departments; budget is published
August	Budget hearing is held and certified budget is sent to County Clerk
January 1 st	New budget year begins

MONITORING AND REPORTING

The budget process is a cooperative effort between the City Commission, City Manager, Finance, and Department Directors. Department directors must play a vital role in the budget process because they are responsible for carrying out day to day operations.

Each department director has access to their budget to actual financial data. Department directors are responsible for monitoring their department budget status and notifying the City Manager and Finance of any corrections or unforeseen events that will require budget changes.

Finance will review budgets for the entire organization on a regular basis, in addition to re-viewing available cash compared to budgeted allocations.

BUDGET AMENDMENTS

Kansas budget laws allow municipalities to amend budgets in order to spend money not in the original budget. The additional expenditures must be made from existing revenues and cannot require additional tax levies. A budget amendment is not required if the receipts results from a source specifically exempt by statute from the budget law.

The City of Leavenworth will follow the budget amendment procedures outlined by Kansas law.

City of Leavenworth, Kansas

Budgetary Reserve Policy (Commission Approved March 2017)

INTRODUCTION

Effective financial management practices ensure that the City has available unassigned cash reserves in order to:

- Provide resources in case of emergency or disruption of revenues
- Reduce the need to issue debt
- Provide financial stability
- Provide stable tax rates
- Maintain good bond ratings
- Comply with established public management best practices

The Government Finance Officers Association (GFOA) recommends analyzing the areas of risk that will influence the level of reserves an organization will need to prepare for uncertainty and loss. The factors that need to be assessed are as follows:

- Revenue volatility
- Potential needs of other funds placed upon the general fund
- Infrastructure condition
- Likelihood of extreme events such as extreme weather conditions
- Outside influences such as unfunded pension liabilities

While there is no set amount of reserves the City should maintain, GFOA recommends a minimum baseline of two months of general fund revenues or expenditures, whichever is most predictable.

PURPOSE

The purpose of the Budgetary Reserve Policy is to establish a framework from which the City Commission, City Manager, and other city departments may work to provide quality services and financial stability.

SCOPE

This policy will apply to the General Fund, CIP Sales Tax Fund, the County Wide Sales Tax Fund, and as retained earnings for Sewer Fund, and Refuse Fund.

POLICY STATEMENT

The City of Leavenworth is committed to:

- Maintaining the equivalent of two months of expenditures level as budgetary reserves.
- Reducing the need for issuing debt through effective use of reserves.
- Monies allocated in the reserve lines shall only be used with prior authorization of the City Commission and City Manager.
- Excess unassigned amounts above the minimum balance requirements may be used in the following ways:
 - Debt reduction.
 - One-time expenditures that do not increase recurring operating costs, but cannot be funded through current revenues, and will reduce future operating costs.
 - Establishing or increasing reserves for risk management programs, equipment replacement, capital projects, emergencies, or disaster recovery.
- Excess unassigned amounts above the minimum balance requirements may not be used to increase recurring operating costs.
- Budgeting 4% of expenditures for restoration of reserve levels that are below the reserves goal.
- Reviewing and updating this policy periodically when necessary.

City of Leavenworth, Kansas
Capital Asset Policy
(Currently under revision)

INTRODUCTION

The City of Leavenworth defines capital assets as tangible and intangible assets with a value exceeding \$5,000 and a useful life exceeding one business cycle. Controlled assets are those items with an acquisition cost of less than \$5,000, but which are particularly at risk or vulnerable to theft or loss. The City's capital assets are resources used to provide public services to the community. Therefore, the City has a responsibility to manage, control, and safeguard these assets to ensure maximum benefit is obtained for the good of the City.

The City plans and implements a five year capital improvement and equipment replacement plan which prioritizes its equipment purchases and construction and maintenance projects. This plan is updated annually and presented to the Commission for approval. The planning process is a joint effort of the City Commission, City Manager, Department Directors and their staff, and the Finance Director.

The implementation of an effective and accurate process for controlling capital assets is necessary for:

- Reporting purposes (the City prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP)). Government regulations require tracking an asset's cost, depreciation, and disposal.
- Insurance purposes (in the event of a loss, it is necessary to have accurate records to restore or replace the asset).
- Accountability/transparency (assets are purchased with taxpayer's money, therefore, it is important to account for the use of funds).
- Efficiency (to avoid unnecessary duplication of purchases).
- Accurate financial information.
- Determining appropriate financing options for the acquisition of assets.

PURPOSE

The purpose of this policy is to establish guidelines governing the control and reporting of capital and other controlled assets.

SCOPE

This policy will address the following aspects of asset management:

- Definition of capital assets
- Acquisition, identification, and disposal of City assets
- Responsibility for proper use, maintenance, insurance, and safeguarding City assets
- Classification of assets
- Recording asset transactions
- Reporting asset transactions

POLICY STATEMENT

The City of Leavenworth is committed to:

- Recording, updating, and maintaining assets transactions including acquisitions, transfers, adjustments, depreciation, and disposals in a timely and accurate manner
- Classifying assets into the following categories:
 - Land
 - Buildings
 - Improvements other than buildings
 - Machinery and equipment
 - Infrastructure
 - Construction in Progress
- Limiting the use of City assets to achieving the City's stated goals and objectives (no personal use of City assets)
- Obtaining approval of the City Manager or designee prior to disposal of an asset
- Conducting an annual capital asset physical inventory
- Reporting asset transactions in accordance with GAAP and other federal, state, and local regulations

RESPONSIBILITIES

City Commission

The City Commission is responsible for approval of the five year capital asset and equipment plan, as well as, approving the acquisition, remodeling, repair, maintenance, renovation, and construction of capital assets that cost in excess of \$25,000 in accordance with the City Purchasing Policy.

City Manager

The City Manager is responsible for coordinating, planning, and submission of the five year capital improvement and equipment replacement plan to the commission for approval. The City Manager is responsible for approving the acquisition, remodeling, repair, maintenance, renovation, and construction of capital assets that cost in excess of \$10,000 but less than \$25,000 in accordance with the City Purchasing Policy. The City Manager is also responsible for approving the disposal of Capital assets.

City Clerk

The City Clerk is responsible for maintaining adequate insurance on capital assets and maintaining insurance records.

Department Directors

The Department Directors are responsible for planning, prioritizing, and coordinating requests for the five year capital improvement and equipment replacement plan. The Department Directors are responsible for submitting accurate information to the City Manager, Finance and the City Clerk regarding the disposal of assets. The Department Directors are also responsible for the safeguarding of assets within their scope of authority.

Finance Director

The Finance Director or designee is responsible for conducting physical inventory, establishing, maintaining, supervising, and coordinating the capital asset system, and valuing, capitalizing, and depreciating capital assets. The Finance Director is responsible for preparing capital asset financial information for reporting and budgeting purposes.

Staff Accountant

Staff accountant is responsible for updating the capital assets records in a timely and accurate manner.

All City Employees

All City employees are responsible for using, maintaining, and safeguarding the City’s assets in a responsible manner.

ASSET CLASSIFICATIONS AND DEPRECIATION

Accurately reporting, recording, and depreciating the City’s capital assets in a consistent manner requires classifying assets according to type and establishing an estimated life expectancy of assets by type.

The following classifications and life expectancy estimates will be used for recording, depreciating, and reporting City assets:

Land	Typically does not lose value, therefore, is not depreciated
Buildings	15-30 years
Improvements other than buildings	15-30 years
Machinery and equipment	5-15 years
Infrastructure	15-30 years
Construction in Progress	Depreciation does not begin until asset is placed in service

City of Leavenworth, Kansas
Capital Planning Policy
(Draft)

INTRODUCTION

Effective capital planning policies help assure the sustainability of city assets by establishing a process for addressing maintenance, replacement, and proper accounting for capital assets during their life cycle.

Capital planning policies strengthen borrowing position by demonstrating sound fiscal management by establishing a framework in which to prioritize needs, assess financing options, plan for possible debt issuances, and understand the impact on operating budgets and reserves.

Capital planning establishes the framework for developing a capital improvement and equipment replacement plan but is not the plan itself.

PURPOSE

The purpose of this policy is to establish a framework in which the City Commission, City Manager, Department Directors, and Finance can develop a capital improvement and equipment replacement plan that identifies priorities, maximizes available resources, and manages debt levels by specifically timing debt issuances.

SCOPE

This policy will address the following aspects of capital planning:

- A definition of what constitutes a capital improvement project.
- A process for establishing and accumulating capital reserves in accordance with the reserve policy.
- Identifying the capital improvement planning process.
- Identifying the method of establishing priorities.
- Roles and responsibilities of the stakeholders in the process.
- A plan that links funding strategies with useful life estimates.
- Provisions for determining when short-term or long-term debt will be issued.

POLICY STATEMENT

The City of Leavenworth, Kansas is committed to creating a sustainable capital improvement and equipment replacement plan that is consistent with best practices and designed to meet the City's acquisition, construction, maintenance, and replacement needs. The plan will include a method of determining priorities, aligning funding sources, guidelines for coordinating long-term projects, and a method of determining when short-term and long-term debt will be issued.

RESPONSIBILITIES

City Commission

The City Commission is responsible for establishing annual goals and objectives for City staff, who will use those guidelines to determine capital needs. The Commission is then responsible for reviewing and approving the five year capital asset and equipment replacement plan, as well as, approving the acquisition, remodeling, repair, maintenance, renovation, and construction of capital assets that cost in excess of \$25,000 in accordance with the City Purchasing Policy.

City Manager

The City Manager is responsible for coordinating, planning, and submission of the five year capital improvement and equipment replacement plan to the Commission for approval based on the goals and objectives established by the Commission. The City Manager is responsible for approving the acquisition, remodeling, repair, maintenance, renovation, and construction of capital assets that cost in excess of \$10,000 but less than \$25,000 in accordance with the City Purchasing Policy.

Department Directors

The Department Directors are responsible for planning, prioritizing, and coordinating requests for the five year capital improvement and equipment replacement plan that achieves the Commission established goals and objectives.

Finance Director

The Finance Director or designee is responsible for analyzing capital asset requests and aligning appropriate funding levels and sources. The Finance Director is responsible for ensuring the capital asset requests meet the definition of capital assets; allows for establishing and accumulating capital

reserves in accordance with the Commission approved reserve policy; makes funding recommendations; and is included in the annual budget. The Finance Director or designee is responsible for creating the plan document and ensuring the Commission approved document is available on the City website.

CAPITAL IMPROVEMENT DEFINITION

A capital project is a project that helps maintain or improve a City asset or is the construction, expansion, renovation, or replacement of an existing facility(ies). The project cost must be greater than \$10,000 and must enhance or extend the useful life of the asset.

The equipment replacement plan is for vehicles and equipment which meets the definition of capital assets, is movable in nature, retains its original shape and appearance with use, is non-expendable, and is not permanently attached to a building. The equipment cost must be greater than \$5,000.

CAPITAL RESERVES

The Commission approved Budgetary Reserve policy calls for two months (16.67%) of expenditures as a reserve level and to budget 4% annually to increase reserves until the approved reserve level is reached. The following excerpt of the reserve policy defines the uses of excess reserves:

- Monies allocated in the reserve lines shall only be used with prior authorization of the City Commission and City Manager
- Excess unassigned amounts above the minimum balance requirements may be used in the following ways:
 - Debt reduction
 - One-time expenditures that do not increase recurring operating costs, but that cannot be funded through current revenues, and will reduce future operating costs
 - Establishing or increasing reserves for risk management programs, equipment replacement, capital projects, emergencies, or disaster recovery

CAPITAL PLANNING PROCESS

The City budgets according the Kansas cash basis budget laws (K.S.A. 10-1116), which do not require capital project funds to be budgeted. While capital project funds are not required to be budgeted, the City prepares and presents a separate five-year capital project and equipment replacement plan to the Commission, and it is updated annually.

Like the budget, the capital improvement plan is a cooperative effort between the City Commission, City Manager, Finance, and Department Directors. Department Directors receive input from their staff. The plan is based on the goals and objectives established by the commission and is presented to the commission during a televised work study session. Subsequent to the presentation of the plan, the commission has time to review and provide additional items for inclusion. Once this has been completed, the plan is brought to a regular commission meeting, which is televised and members of the public in attendance are allowed to provide input.

CIP Calendar

September	Department Directors begin CIP requests
October	Requests are due to Finance
October	Department meetings with City Manager and Finance
October	Department meetings with Commissioners
November	Adoption of CIP

FUNDING STRATEGIES

The key factors in developing a funding strategy are:

- Cost of the asset
- Expected useful life of the asset
- Availability of cash
- Impact on operating budget and reserves level if paying cash

Cost of Asset

In no circumstance will the City issue long-term debt for an asset in which the asset cost is less than \$500,000, unless determined necessary by the City Manager, Finance Director, and/or City Commission.

The City may enter into short-term funding (lease purchase agreements) for assets greater than \$100,000 if paying cash places a strain on the operating budget, reduces reserves below the reserve level established by the Commission approved reserve policy, eliminates the opportunity to complete other necessary projects, and the asset has been determined to be a priority.

Expected Useful Life

In no circumstances will the City issue debt for longer than the expected useful life of an asset.

Lease/purchase agreements are mostly for equipment and will not exceed five (5) years.

For most buildings, improvements, and infrastructure, if long-term debt is issued, it will not exceed ten (10) years. Some occasions may arise that could require 15-20 years of repayment; these will be given separate consideration but will still not exceed the useful life of the asset. Examples of these could include wastewater treatment plant, industrial parks, or other assets whose cost exceed \$5,000,000, whose life expectancy is greater than 20 years, whose shorter repayment schedule would place a hardship on operating budgets, cause a significantly higher tax burden, or jeopardize reserves.

Availability of Cash/Impact on Operating Budget and Reserves

The City has two sources of sales tax revenues dedicated specifically for capital improvements and equipment and some capital grant funding, in addition to resources provided by enterprise fund operations. Most machinery and equipment, and some infrastructure repairs and replacements are paid from these sources.

It is preferred to pay cash when the cost of the asset does not place an undue burden on the operating budget or reduce reserves below the Commission approved reserve level.

Establishing Priorities

Prioritization of investments in capital asset acquisition, construction, maintenance, renovations, and replacement will include:

- Whether the request supports the City's main functions.
- Whether the request supports a Commission established goal/objective.
- Whether the request provides resources not available through another City department.
- Whether the request supports improved efficiencies in work processes or otherwise reduces costs, improves effectiveness, or results in improved functionality.
- Whether the request demonstrates a return that is equal to or better than an alternative use of resources such as increased quality, speed, costs, flexibility, or increased customer satisfaction, or enhanced employee safety.
- Whether information technology investments ensure that security is incorporated and that appropriate support is included in the operating budget.
- Whether various elements of risk are reduced by the investment.
- Whether an analysis of the assets total life-cycle costs are less than the benefits provided by the asset.

CITY OF LEAVENWORTH, KANSAS
CASH MANAGEMENT POLICY
(Draft)

INTRODUCTION

All aspects of financial management benefit significantly from strong internal controls, but none more than revenues and cash. Effectively managing cash helps create a sustainable financial position.

The Government Finance Officers Association (GFOA) recommends that sustainability be considered a core value when setting organizational goals, policies, and business practices in all areas of public finance. Sustainability addresses establishing practices that meet present needs without impairing the organization’s ability to meet its future needs by depleting resources through current economic consumption.

Likewise, financial sustainability can be defined as, “...a government’s ability to manage its finances so it can meet its spending commitments, both now and in the future,... ensuring that future generations do not face an unmanageable bill for government services provided to the next generation.”

A cash management policy helps ensure sound financial practices.

PURPOSE

The purpose of the Cash Management Policy is to establish a framework from which the City Commission, City Manager, and all city departments may work to maintain effective revenue controls and cash management practices, including compliance with federal, state and local requirements and industry standards.

SCOPE

This policy will address elements of cash management as follows:

- Segregation of cash related duties
- Timely receipts and deposits
- Scheduling disbursements
- Investing idle cash
- Reducing the need to borrow by building reserves
- Determining the timeliness of debt issuance to ensure available cash for capital improvements
- Periodic independent verification through internal audits and an annual audit

performed by external auditors

- Periodic review and updates to policies and procedures as needed to meet changes in federal, state, or local regulations, industry standards, and specific City circumstances that require changes in processes
- Timely reporting to City Commission, City Manager, and others as necessary
- Bonding the City Treasurer in accordance with Kansas Statutes

CASH MANAGEMENT POLICY STATEMENT

The City of Leavenworth is committed to:

A. Cash receipting and depositing:

- The City will systematically gather, record, maintain, and report cash and investment information in a timely and accurate manner in accordance with federal and state regulations, generally accepted accounting principles, and other industry standards.
- The City will ensure that cash and investments are properly deposited, reconciled, and insured against loss and placed with City Commission authorized depositories in an accurate and timely manner.
- The City will receipt monies using pre-numbered receipts or receipt numbering established automatically by the City financial system and deposited daily in a City Commission authorized depository.
- Receipts will be updated to the general ledger daily. All monies received must be accounted for by fund, division, account, and source.
- The City will ensure that employees who handle cash will be skilled, and fully trained; department directors will ensure employee segregation of duties in order to reduce the risk of misappropriation.
- The City will review shortages of significant amounts of money, or consistent shortages of small amounts, which may arise from misappropriation, and implement disciplinary action up to and including termination, as needed.
- The City will make a reasonable effort to determine the cause of the shortage or overage and correct it. Significant overages will be investigated carefully and employees experiencing high amounts or frequent overages or shortages will be relieved of cashier duties.
- The City will make every attempt to recover significant amounts of shortages that may arise from misappropriation.
- The City will appropriately record overages or shortages in the daily cash collection report as an overage or shortage.
- The City will secure cash, checks, money orders, and other forms of tender in a secure location until such time as it is delivered to the Finance office and/or bank. The City will avoid using bank night drop boxes.
- The City will not exchange cash for checks, nor will the City accept a third party check (a check made payable to someone other than the City) in payment of a debt owed to the City. In addition, the City will not accept checks for overpayment when the intent is to refund cash back to the customer.

- The City will explore all available options in the collections of insufficient checks and other forms of uncollected receivables.
- The number of checking accounts will be kept to a minimum in order to reduce the complexity of cash management, but will be in accordance with statutory and other requirements.
- The City will encourage the use of wire, ACH, direct deposits, and other electronic forms of receipts, deposits, and payments whenever possible to reduce the risk of error, reduce the opportunity for misappropriation, reduce the level of returned checks, and ensure more rapid turn-around time on receivables.
- The City will establish segregation of duties so that no one employee has responsibility for every phase of cash receipting and depositing, disbursement, vendor creation, reconciliation, and reporting of cash transactions.
- The City will integrate receipting and accounting systems.
- The City will provide fraud reporting procedures. Any suspicion of fraud will be reported to appropriate personnel in a timely manner for further investigation.
- Suspicion of non-compliance with internal control procedures will be reported to the appropriate personnel for further review in a timely manner.
- The City Finance office will serve as primary recipient for all revenue collections sites and will ensure that receipts match the deposit slips and the system generated receipt report. The City currently does not utilize remote deposit capture for processing checks, but may consider doing so in the future.
- Cash collection points will be established at each location where customer services are provided and documented internal controls will be established at each collection point. Each collection point will document receipts and provide secured cash and checks (i.e., in locked bank bags) along with receipt reports to the Commission authorized bank.
- Billings initiated by the City or on the City's behalf by a contracted third party will be generated in a timely manner.
- For monies received in advance of revenue recognition criteria or for monies which are expected to be refunded to a payee upon completion of performance measures (i.e., rental deposits), the funds shall be deposited into a restricted account or trust fund, or appropriately identified in the appropriate fund as a liability. Any interest accrued on these funds will be paid back to the individual in accordance with Kansas State statutes.
- Once the payee has met the performance requirements, monies will be refunded in a timely manner. Or once the City has met the requirements of revenue recognition, those restricted monies will be recognized and revenue and transferred to the appropriate fund in a timely manner.
- Departments generating revenues will have oversight and input in determining applicable and appropriate levels for developing the budget. Monitoring budgeted revenue collections will be performed in a timely manner throughout the year.
- At the end of each fiscal year, all revenues earned but not received will be recognized as a receivable to that fiscal year, in accordance with generally accepted accounting principles (GAAP).

B. Returned payment processing:

- The City’s definition of giving a worthless payment is “the making, drawing, issuing, delivering, or causing or directing the making, drawing, issuing or delivering of any payment, order, or draft on any bank, credit union, savings and loan association or depository for the payment of money or its equivalent with intent to defraud **and** knowing at the time of the making, drawing, issuing or delivering of such payment, order, or draft, that the maker or drawer has no deposit in or credits with the financial institution for such payment, order, or draft in full upon its presentation.”
- Based on the above definition, the City will assess a service charge for each returned payment.
- Notification of Returned Payment:
 - The city will notify the person in writing of the returned payment. The written notification will include the date of the payment, payee, amount of the payment, bank the payment was drawn on, person authorizing the payment, and bank marking, i.e., insufficient funds or account closed.
 - The notification will also include the deadline for redeeming the returned payment and the amount due, including the face amount of the payment and the service charge. If the person writing the payment does not redeem the returned payment within 7 days of notification, the city will prosecute or turn the payment to a collection agency. If further action is necessary, the person authorizing the bad payment will be responsible for any additional fees associated with collection, i.e., prosecutor fees, collection fees, etc.
- Repetition of returned payments:
 - If any person has three (3) returned payments, the city may refuse to accept any payments other than cash for any city service.

C. Cash Disbursements:

- The City will systematically gather, record, maintain, and report cash and investment information in a timely and accurate manner in accordance with federal and state regulations, generally accepted accounting principles, and other industry standards, to ensure the availability of cash for disbursement purposes.
- The City will ensure that all disbursements are made in accordance with applicable federal, state, and local laws, city disbursement policies and procedures, and industry standards.
- The City will report detailed disbursement information to City Commission. Disbursement information will be reported in an accurate and timely manner.
- The City will ensure that employees who handle disbursements are skilled, and fully trained; ensure segregation of duties so that no one who writes checks creates vendors, signs checks, or reconciles bank statements.
- The City will ensure that all disbursements are properly classified by fund, department, and account and that all charges are legal and for authorized purposes. All disbursements must be allowable and allocable.
- The City will ensure that all disbursements will be made in an accurate and timely manner.
- The City will disburse all payments through the Finance Office with proper documentation. At no time is it acceptable to issue payments from a cash register.

- The City will schedule disbursements in such a manner that sufficient cash will be on hand to avoid overdrafts.
- There will be two signatories on all checking accounts, City Manager, Finance Director, or designee (currently the designee is the City Clerk). The City utilizes electronic signatures.
- No member of staff has authority to approve their own reimbursements.
- Likewise, managers shall review and approve time cards, and /or payroll changes for their staff but will not prepare payroll checks or other transactions.
- Staff preparing payroll transactions shall not have approval authority for initiating payroll changes or increasing or decreasing staffing levels.
- The City will encourage direct deposit, wire transfers, ACH, or other forms of electronic transactions as much as possible. This reduces the risk of error and opportunity for misappropriation, ensures more rapid turn- around time thus enabling the City to hold onto funds as long as possible without causing a penalty for late payment.
- At the end of each fiscal year, all incurred, unpaid expenditures will be recorded as a liability to that fiscal year, in accordance with GAAP.

CITY OF LEAVENWORTH, KANSAS
DEBT MANAGEMENT POLICY
(Commission Approved March 2017)

INTRODUCTION

The management of governmental debt requires good legal advice and a good understanding of the principles of public finance. A formal debt policy is crucial for effective financial management. A debt policy provides justification for the structure of the debt issuance, identifies goals, establishes a commitment to long-term financial planning, and improves the quality of decisions.

Over-indebtedness limits a government's ability to issue additional debt. Excessively large payments strain future operating budgets and reduce financial flexibility.

PURPOSE

The purpose of the Debt Management Policy is to establish a framework in which the City Manager, City Commission, and all city departments may work to effectively use the financing options available to provide quality services to the citizens of Leavenworth, while maintaining financial integrity.

- The City will seek to achieve and maintain the highest bond rating available.
- The City will follow a policy of full disclosure as required by legal and professional guidelines in its relations with rating agencies, Government Finance Officers Association, Securities and Exchange Commission rules, National Federation of Municipal Analysts and the investment community.
- The City will have a specific set of debt issuance guidelines consistent with Federal, State, and local laws and practices. The debt guidelines will recognize how much debt the community can support, not only based on the debt of the city but also debt of overlapping jurisdictions.

For the purpose of this document, debt is defined as long-term financing instruments, even those that future payments are only guaranteed by continuing annual appropriations through the budget process (including leases and lease-purchase agreements).

RESPONSIBILITY FOR POLICY

The primary responsibility for administering this policy rests with the Director of Finance, who shall be assisted by the City Manager, and the City Manager designee(s). Together these four staff members shall comprise the Debt Management Committee.

The responsibilities of the committee shall be:

- Address the need for debt financing through the annual Capital Improvement Plan process and other improvements/programs deemed necessary by the City Manager.
- Meet at least annually to test compliance to this policy statement and review applicable debt ratios serving as benchmarks as set forth on page 33.
- Review changes in federal and state legislation that affect the City's ability to issue debt and report such findings as appropriate.
- Review annually the provisions of ordinances authorizing issuance of bonds.
- Review at least annually the opportunities for refinancing current debt and
- Review at least annually the services provided by the City's financial advisor, bond counsel, paying agents, and other debt financing services providers.
- In developing financing recommendations, the Debt Management committee will consider:
 - Options for interim financing including short-term and inter-fund borrowing, where allowable
 - Effects of proposed actions on tax rates and user charges
 - Trends in bond market structures
 - Other factors deemed appropriate

USES OF DEBT FINANCING

The City of Leavenworth will not issue long-term debt for routine operations; including routine repairs and maintenance, small tools, or equipment of the type normally paid from the operations budget, or to capitalize expenses.

Long-term debt will be used only for capital projects or specialized equipment that cannot be financed from current revenue sources.

The project for which debt issuance is being considered shall be on the City's five-year Capital Improvement Plan and can't be acquired without causing an unacceptable spike in revenue sources or unacceptable reduction of reserves. However, the project can be considered without being on the five-year capital improvement plan if it is the result of growth-related activities within the community that require unanticipated and unplanned infrastructure or capital improvements by the City or in the event the City has an emergency situation.

Debt will not be issued for longer than the useful life of the improvement or asset it is funding.

There must be sufficient revenues to repay the debt, whether from future property taxes, user fees, project revenues, cost sharing revenues, or other specified and reserved sources.

Long-term financing must be able to be marketed with an appropriate credit rating, which can be maintained, market conditions must present favorable interest rates and demand for City debt obligations.

The City will not issue general obligation debt or provide the full faith and credit backing or other credit enhancement to any Community Improvement Development (CID) project or in any way put the general revenues of the City at risk to finance a CID project or reimburse eligible expenses. For more details regarding CID's and CID financing, reference the City's CID Policy.

STRUCTURE AND TERMS OF DEBT FINANCING

The City will only use level or declining debt repayment schedules; it will not use back-loaded or ballooning repayment schedules or variable-rate debt. The City will avoid the use of certificates of participation, or similar types of instruments for the acquisition of facilities or equipment, except in the case of those revenue backed issuances of the Leavenworth Public Utilities, which are enterprise funds and are not subject to the vote of the people.

Debt will be structured to match cash flows, minimize the impact on future property tax levies, and maintain a relatively rapid repayment of principal.

Debt will be structured to achieve the lowest possible net interest cost to the City within the current market conditions, the urgency of the proposed capital project, and the nature and type of security provided.

Public funds, property, and resources will not be used directly or indirectly to influence the outcome of ballot questions. No financial advisor, bond counsel, underwriter, broker/dealer, or other entities involved or potentially involved with the outcome of the issuance of the debt shall provide contributions to influence the outcome of ballot questions.

The instruments of investment of debt proceeds for construction type projects will be limited to those identified in the City's investment policy.

Selection of consultants for the providing of professional services for any bond issue will be based upon qualifications, through a formal request for qualifications for proposals.

Any Financial Advisor to the City also capable of providing underwriting services shall be prohibited from participating in the underwriting of any City debt for a period of two years after the last service provided as Financial Advisor.

The Financial Advisor and Bond Counsel shall be prohibited from engaging in such relationships or agreements without prior consent of the City Commission. The Financial Advisor and Bond Counsel shall certify in writing their compliance with this policy.

MAXIMUM AMOUNTS OF DEBT FINANCING

There are several key ratios that investors and financial analysts use to determine credit worthiness and the soundness of the City’s financial position. The City has established a set of guidelines to be used when reviewing the debt ratios. These numbers are indicators of financial stability and are listed below.

For debt issued by the general government the ratios to be used are:

STATUTORY

Net Direct Bonded Debt as a percentage of Assessed Value	
(In accordance with K.S.A. 10-308)	30%
Charter Ordinance 56 as a percentage of the previous year’s tax levy*	28%

INTERNAL GOALS

Net Direct Bonded Debt Per Capita	\$1,000
Net Direct Bonded Debt Per Capita as a percentage of Per Capita Income	5%
Net overall debt per capita (overlapping debt)	\$2,000
Mill Rate Not to Exceed	10 Mills

***On December 22, 2015, the Commission passed Charter Ordinance 56, which became effective March 1, 2016. Charter Ordinance 56 states that the City shall not exceed in any one year an amount equal to 28% of its previous year’s tax levied, as certified by the County Clerk for general improvements.**

FOR REVENUE FUNDED DEBT, THE RATIOS TO BE USED ARE:

Debt Service Coverage	125%
Debt Service Safety Margin	125%

Gross income needs to pay all of the following:

- Operating expenses
- Scheduled long-term debt
- Capital improvements
- Minimum reserves

The City of Leavenworth will integrate the capital improvement plan and debt funding activities so that the City works to effectively maximize available financing options.

Any capital financing proposal of a City department, agency, or utility involving the pledge or other extension of the City's credit through sale of bonds, execution of loans or leases, or otherwise involving directly or indirectly the lending or pledging of the City's credit, shall be referred to the Finance Department Debt Management Committee for review before such pledge is considered by the City Commission.

Bond Fund

Generally, payment of general obligation bonds and special assessment bonds shall be made from the City's Debt Service Fund. However, in situations in which general obligation bonds are to be paid from user fees or sales taxes, bond payments should be made from the fund that receives the revenue. The Debt Service Fund balance will be managed to eliminate or minimize arbitrage rebate liability.

Reserve Funds

Adequate operating reserves are important to insure the functions of the City during economic downturns. The City's goal is to maintain a contingency reserve in the General Fund and other major funds of no less than sixteen percent or two months of annual expenditures. The City will maintain working capital in an enterprise fund sufficient to finance 60 days of operations, if the fund supports debt repayments. In addition, all reserves specified by bond indentures must be maintained.

POST ISSUANCE MANAGEMENT

The City will establish procedures for ensuring the City complies with tax-exempt financing rules and regulations.

Federal arbitrage legislation is intended to discourage governmental entities from issuing tax-exempt obligations unnecessarily. In compliance with the spirit of this legislation, the City will issue obligations only when it appears the proceeds will be utilized in a timely fashion. Because of the complexity of arbitrage regulations and the severity of non-compliance penalties, the City will engage outside consultants when arbitrage related questions arise and to calculate potential arbitrage liability.

The City is committed to meeting secondary disclosure requirements on a timely and comprehensive basis. The City is committed to full and complete primary and secondary financial disclosure and to cooperating fully with rating agencies, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information.

Official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements will meet (at a minimum), the standards articulated by the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP).

The City shall take care to maintain compliance with all continuing disclosure agreements entered into in connection with issuance of debt. The City should thoroughly understand its obligations to gather and keep current the required information. The City will post the year-end financial report along with any other required information to the Electronic Municipal Market Access (EMMA) Web site maintained by the Municipal Securities Rulemaking board (MSRB) within the time required by the disclosure agreement. If a material event occurs as identified by the agreement, the City will file a notice to EMMA within 10 business days.

CREDIT RATINGS:

The Finance Director shall be responsible for determining whether a rating shall be requested on a particular financing and which of the major rating agencies shall be asked to provide such a rating.

Once a rating has been requested, the Finance Director shall be responsible for maintaining relationships with the rating agency(ies) that currently assign ratings to the City's debt. This effort shall include periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with debt issuance.

Full disclosure of operations and open lines of communication shall be provided to rating agencies used by the City. The staff of the Finance Department, with assistance from the City's financial advisor, shall prepare the necessary materials and presentations to the rating agencies.

**City of Leavenworth
Economic Development Incentive Policy
(Commission Approved February 2017)**

Section 1: Industrial Revenue Bonds (IRB) and Economic Development Exemptions (EDX)

Purpose: The purpose of this policy is to establish the official policy of the City of Leavenworth for the granting of economic development incentives, including uses in accordance with the provisions of Section 13 of Article 11 of the Constitution of the State of Kansas as required by K.S.A. 1990 Supp. 79-251. The appropriate purpose and use of incentives is to broaden and diversify the tax base, create new job opportunities for the citizens of the City of Leavenworth, and promote the economic growth and welfare of the City of Leavenworth. Economic development incentives are necessary because of the inherent competition for new businesses and jobs. This policy is intended to complement other government incentive programs.

Incentive Programs: Economic development incentives available from the City Leavenworth may include (but are not limited to) industrial revenue bonds (IRBs), property tax abatements, sales tax exemptions, forgivable loans and infrastructure improvements.

Eligibility: To be eligible for public incentives of any kind, a business must be engaged in one or more of the following activities:

- A. *Manufacturing:* Determined by appropriate NAICS (North American Industry Classification System) codes.
- B. *Service Sector:* Majority of revenues must be derived from transactions originating outside of the Kansas City Metropolitan Statistical Area (MSA).
- C. *Research and Development:* The conducting of research, development or testing for scientific, medical, food product or industrial purposes.
- D. *Warehousing and Distribution:* Majority of goods stored/shipped must be destined for end-users located outside of the Kansas City MSA.
- E. *Corporate Headquarters:* May include “back office” operations and customer service activities. Majority of revenues must be derived from transactions originating outside of the Kansas City MSA.

- F. *Transportation:* Freight or passenger transportation services. Majority of revenue must be derived from interstate commerce/travel.
- G. *Commercial Redevelopment:* Must address rejuvenation of official redevelopment areas, if such areas are designated by the governing body.
- H. *Tourism:* Attractions, facilities and events considered likely to attract at least 30% of attendees from outside of the Kansas City MSA.
- I. *Housing:* Housing developments for seniors and the disabled are of highest priority. It is the City's intention to encourage development of housing for residents of all ages, abilities and incomes.
- J. *Medical Services:* Regional medical centers, hospitals and specialized medical facilities considered likely to attract at least 30% of patients from outside of Leavenworth.

Policy Considerations: Additional considerations for determining the advisability of incentives are as follows:

- A. No incentive shall be granted if the incentive would create, in the judgment of the governing body, an unfair advantage for one business over another competing business within the City.
- B. Any incentive granted by the City shall be subject to the "but-for" principle, meaning that the incentive must make such a difference in determining the establishment or expansion of the business that the business would not otherwise be established or expanded in the City, if it were not for the availability of the incentive. It is the policy of the governing body that private business should not be subsidized with public funds, the indirect consequences of tax incentives, unless some public good results and the public subsidy can reasonably be expected to make a significant difference in achieving economic growth and the creation of new jobs within the City.
- C. A business must be current in its payment of ad valorem property taxes to be considered for any public incentive.
- D. In addition to the above criteria, in making a decision to approve or disapprove an incentive, the City Commission will consider the following information:

1. How well the new jobs match skills available in the local labor market;
2. The utilization of labor skills of unemployed persons in the community;
3. The degree to which the business improves the diversification of the economy of the City;
4. The potential for future expansion and additional job creation;
5. The impact of creating other new jobs and businesses, including the utilization of local products or other materials in manufacturing;
6. The beneficial impact on a particular area of the City, including designated enterprise zones and areas in need of revitalization or redevelopment;
7. The compatibility of business location with land use and development plans, and the availability of existing infrastructure and essential public services, and the extent to which additional direct or indirect public costs to the City and to other local units of government would be necessary, such as the cost of extension of public services;
8. The extent to which the economic and employment benefits of the incentive accrues to the residents and taxpayers who indirectly “subsidize” the business as a result of the foregone tax revenue.

Compliance: All Economic Development Incentives will be formalized in a written agreement between the City of Leavenworth and the recipient company. The recipient company will be required to meet the following performance criteria:

1. Compliance with all applicable governmental laws, rules and regulations
2. Compliance with other conditions imposed by the Economic Development Incentive Agreement

The City of Leavenworth reserves the right to audit a company to assure compliance with the Economic Development Incentive Agreement. The City Commission may discontinue any ongoing incentives and require the incentives already received to be repaid in full or in part, as set forth in the Economic Development Incentive Agreement, if performance criteria are not met.

Application Process: Applying for incentives is a multi-step process. Approximately 60-90 days are needed to complete most projects. This time frame begins the day an application is submitted and allows time for staff review, public hearing or other actions, City Commission consideration and approval. Refer to the Incentives Application Packet for additional information.

Project Evaluation: Each project will be evaluated on an individual basis. Changing economic conditions and availability of funds may cause the City of Leavenworth to modify, amend or discontinue any economic development incentive program. Should an incentive program be

discontinued, the City Commission will honor any incentive committed to before the discontinuance of the program. Economic development incentives may not be transferred or otherwise conveyed to another party, unless approved by the City Commission.

Step 1: Cost Benefit Analysis

All requests for local incentives will require a Cost Benefit Analysis (CBA) to be completed prior to consideration. This analysis captures the impact of capital investments, construction costs, salaries, visitor traffic and other benefits. An agent designated by the City will conduct the Cost Benefit Analysis and any fees associated with this application will be the responsibility of the applicant. The CBA will be used initially to determine the viability of the proposed project and must show a positive economic impact upon the City. The ratio of public benefits to public costs must be not less than 1.3 to one.

Step 2: Incentive Matrix

The City Commission will determine the amount, terms and conditions of property tax abatements and forgivable loans based on a matrix that equates incentive levels with job creation and capital investment. Refer to the Incentives Application for more information.

The City of Leavenworth is authorized under state law to grant tax abatements on private business property either in connection with the issuance of IRBs or under Article 11 of the state constitution that enables economic development exemptions (EDX) for certain types of businesses. While IRB abatements may be granted for all types of businesses included in the list of eligible businesses, EDX abatements are limited by state law to expanding manufacturing, research and development, and warehousing and distribution businesses that create or retain jobs.

The maximum term of tax abatement on real property improvements under this Policy shall be ten years. The initial term shall be five years, plus a possible additional five years' subject to review and approval of the City Commission at the end of the initial term. The recommended percentage of property taxes to be abated shall be based on new job creation and capital investment by the eligible business, as follows:

Job Creation: For the purpose of determining the recommended percentage of tax abatement, the number of new full-time equivalent (FTE) jobs created by the project will be used to determine the recommended abatement. For the purpose of this Policy, FTE jobs are defined as full-time employees who are paid to work at least 2,080 hours per year, or part-time or temporary employees consolidated to

obtain the full-time equivalent of 2,080 hours per year. It is the City's preference that new jobs be full-time positions with competitive benefits.

The amount of recommended tax abatement based solely on FTE job creation is based on a sliding scale that allows smaller projects to benefit. A property tax abatement may be recommended for each new FTE job as follows: 3% for the first five new FTE jobs, 2% for six to 10 new FTE jobs, 1.5% for 11 to 20 new FTE jobs, 1% for 21 to 50 new FTE jobs and 0.6% for each new FTE job in excess of 50, up to a maximum tax abatement for job creation of 100%.

Capital Investment: A property tax abatement may be recommended for each \$50,000 of private investment in plant and equipment as follows: Between \$50,000 and \$500,000 – 1.0% (up to 9%); between \$500,000 and \$1 million – 0.75% (up to 7.5%); between \$1 million and \$2 million – 0.5%; (up to 10%) between \$2 million and \$5 million – 0.25% (up to 15%); above \$5 million – 0.10%. The maximum recommended tax abatement for capital investment is 100%.

Location Premium: Businesses in the City of Leavenworth shall be encouraged to locate and/or expand within special redevelopment areas of the City if any such areas are determined by the City Commission. To foster such action, businesses may be recommended for additional tax abatement for locating into special redevelopment areas, as may be determined from time-to-time by separate action of the City Commission. See the City's Special Development District options for more information.

Step 3: Policy Considerations

The policy considerations found in this section will be applied to the project to determine the degree to which the project meets the purpose of economic development incentives as set forth in this policy as well as other considerations unique to the specific project.

Payments-In-Lieu-of-Taxes (PILOTs): Any business receiving tax abatements may be required to make payments in lieu of taxes equal to the amount of property tax abated. Said PILOT payments shall be payable to the Leavenworth County Treasurer for distribution to all local taxing jurisdictions which levy taxes on the abated property. A business may also be required to make PILOT payments at any time in the event of non-compliance with the conditions imposed by the economic development incentive agreement, as an alternative to complete cancellation of the tax abatement.

Exceptions: Exceptions to the conditions set forth in this policy may be made by the Leavenworth City Commission.

Section 2: Special Development Districts

- I. **Transportation Development District Financing (TDD)** – Transportation Development Districts may be created for the purpose of financing certain projects, including bridges, streets, interchanges, intersections, signage, signalization, parking lots, parking garages, bus stops and stations, airports, docks, lake or river ports, railroad, light rail, mass transit facilities and any other transportation related project or infrastructure.
- II. **Community Improvement District (CID)** – The district charges additional sales tax or assesses a special property tax, with proceeds going to pay for capital improvements, infrastructure and certain operational costs. Fifty-five percent of property owners within the proposed district must approve the district. If a special assessment is used, 100% of the property owners must give approval.
- III. **Tax Increment Financing (TIF)** – TIF is a real estate redevelopment technique applicable to industrial, commercial, and residential projects. TIF uses the anticipated increase in sales and/or property tax revenues to retire the bonds sold to finance qualifying redevelopment costs. Qualifying costs can include public improvements (streets, sanitary sewers, storm sewers, drainage improvements, underground water, gas, electrical services in public right of way); site preparation; parking facilities; landscaping and decorative amenities, and land acquisition costs. It cannot be used for the construction of buildings or other structures to be owned or leased by a developer.
- IV. **STAR (Sales Tax) Bonds** – Sales Tax Revenue (STAR) Bonds are special bond projects for major commercial or tourist areas. The threshold is usually \$50 million in capital investment and \$50 million in gross annual sales. Both an incremental state and local sales tax can be used to fund the project.
- V. **Neighborhood Revitalization Property Tax Rebate Plan** – Certain areas of the City have been designated for property tax rebates for improvements to existing property or new development of residential, multi-family, commercial, industrial, and historical properties. The Plan provides a 95% property tax rebate for a period up to 10 years, depending upon the value of the improvements. See the NRA application for map of eligibility and more information.

Eligibility for any special development districts must meet the following criteria:

- *Generate development that will enhance the city's economic conditions;*
- *Result in significant property improvements that otherwise would not be economically feasible;*
- *Promote the redevelopment of property that would otherwise remain unimproved;*

- *Apply to commercial, industrial or mixed-use properties.*
- *Exceptions may be granted on a case-by-case basis by the Leavenworth City Commission.*

Eligibility for special development district incentives will be based on job creation and capital investment. A preliminary application shall be submitted to the Assistant City Manager's office. The purpose of the preliminary application process is to determine the extent to which the applicant meets the eligibility criteria as described in this policy. Applicants that are determined to meet the City's criteria shall be invited to submit a formal application. The City Commission may make exceptions to applicant criteria.

Section 3: Grants, Loans, State Programs

- **City Small Business Grant Program**
 - *Matching grant for non-maintenance improvements to business property. \$5,000 available per business, or \$15,000 for a multi-tenant building. Eligibility includes one grant per business entity every 24 month period. See grant application for more information.*
- **NetWork KS E-Community Loans**
 - *Grow Leavenworth County Development Corporation offers no-interest loans to businesses for start-up or expansion efforts up to \$75,000 for up to 15 years. Eligibility includes a 40% match via bank loan or cash reserves. Approval is also based on job creation and capital investment. See loan application for more information.*
- **Waiver of City Permits/Fees**
 - *City permit, inspection, and/or utility connection fees may be waived in part or whole on a case-by-case basis.*
- **Reduced sale price on City-owned property**
 - *A discounted sale price on City land may be granted upon approval by the City Commission in lieu of or in addition to incentives.*
- **LCDC Micro-grants**
 - *A minimum of \$250 to maximum of \$1,500 is available to applicants with less than 15 employees and less than \$500,000 in revenue located in Leavenworth County. Contact Leavenworth County Development Corporation for more information.*
- **State incentives such as KIT (Kansas Industrial Training), KIR (Kansas Industrial Retraining), HPIP (High Performance Incentive Program), PEAK (Promoting Employment Across Kansas Program), and more.**
 - *Contact Leavenworth County Development Corporation or the Kansas Department of Commerce for more information.*

City of Leavenworth, Kansas Grants Management Policy (Draft)

INTRODUCTION

The City of Leavenworth receives grant dollars for many programs. Effective financial management requires that grant policies be in place:

- To ensure that grant requirements are met
- To ensure that operating budgets can meet any matching funding requirements
- To ensure that the grant coincides with Commission goals and objectives
- To evaluate grant renewals or extensions
- To determine whether a line of credit or grant anticipation notes be required to cover the time between expenditures are made and reimbursements are received
- To ensure whether there is authorization to accept the grant

PURPOSE

The purpose of this policy is to establish a framework from which the City Commission, City Manager, Finance, and Department Directors may work to maximize the benefits and minimize the risks associated with each grant.

SCOPE

This policy applies to all grant funds whether from state, federal, or local governmental entities or private organizations.

POLICY STATEMENT

The City of Leavenworth is committed to:

- Ensuring that the department seeking the grant is fully aware of and understands the grant requirements for:
 - Matching funds requirements
 - Specific operating requirements
 - Specialized reporting requirements
 - Time lines
 - Monitoring and reporting requirements of sub-recipients
 - Future demands on City resources

- Post-expiration requirements (i.e., maintaining certain staffing levels)
- Ensuring that the department seeking the grant gives prior notification to the appropriate authority, such as finance, or other so they can determine the effects on the City, such as cash flow, budgeting, special procurement requirements, operating requirements, etc.
- Ensuring that the grant being applied for aligns with Commission goals/objectives and/or City functions/programs, thereby eliminating the expenditure of resources for non-budgeted items.
- Providing a multi-year cost/benefit analysis, including matching funds, prior to accepting the grant.
- Analyzing grant renewals to determine whether the grant should be renewed going forward.
- Measuring performance levels to ensure whether the grant fulfilled the stated goals/objectives.
- Creating project plan for:
 - Monitoring the grant to ensure compliance.
 - Determining who is responsible for implementation of the project.
 - Assigning roles for different areas of responsibilities.
 - Establishing terms and conditions for grant-funded personnel.
 - Identifying the method of charging expenses to the grant.
 - Training employees in their grant responsibilities.
- Grant records, both hard and electronic copies will be maintained according to specific grant requirements, but not less than five (5) years after the closing of the grant.

While Kansas budget laws do not require that cities budget these grant dollars, there is an internal process to show compliance with the grant requirements, to avoid over-expenditures, and for internal control purposes.

Therefore, grant applications are presented to the Commission for approval before submitting them to the funding source.

CITY OF LEAVENWORTH, KANSAS
INVESTMENT POLICY
(Under revision)

INTRODUCTION

The intent of the Investment Policy is to define the parameters within which funds are to be managed. The policy establishes the framework for the City's investment activities that must be exercised to ensure effective and conservative fiscal investment management of the City's funds. These guidelines are intended to be flexible enough to allow city staff to function properly within the parameters of their responsibility and authority, yet specific enough to adequately safeguard the funds.

POLICY

It is the policy of the City of Leavenworth, Kansas, to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

SCOPE

This investment policy applies to all financial assets of the City. The financial assets of all funds, including the General Fund, Special Revenue Funds, Capital Projects Funds, Proprietary Funds, Internal Service Funds and Fiduciary Funds, and any other funds that may be created from time to time, shall be administered in accordance with the provisions of this policy.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. The prudent person standard states "Investment shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVES

The primary objectives, in priority order, of the City's investment activities shall be:

- A. **Safety:** Safety of principal is the foremost objective of this investment policy. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- B. **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- C. **Return on Investment:** The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY

Authority to manage the City's investment program is derived from City Ordinances, the City Resolution approving this policy, and State Statutes. The Director of Finance has direct management responsibility, and the City Manager has final management responsibility for the investment program. The Finance Director shall report to the City Manager on a periodic basis, as appropriate, concerning the status of the City's investment program. The Finance Director will review and receive prior approval from the City Manager before undertaking any major changes in the City's investment portfolio. The City Manager will review any modifications with the City Commission as appropriate. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Employees authorized to make investment decisions are as follows: City Manager, Finance Director, and/or Finance Director's authorized designee.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. All authorized investment officials shall disclose to the City Clerk any material financial interest in financial institutions that conduct business within the City.

AUTHORIZED FINANCIAL INSTITUTIONS

The Finance Director will maintain a list of financial institutions in which the City may purchase investment securities from and in which funds may be deposited. This list shall be reviewed and

approved annually by the City Commission. All such financial institutions must supply The Finance Director with audited financial statements on a yearly basis.

AUTHORIZED AND SUITABLE INVESTMENTS

In accordance with K.S.A. 12-1675, the Finance Director is authorized to invest in the following securities:

- United States Treasury Instruments
- Certificates of Deposit
- Temporary Notes Issued by the City
- State Municipal Investment Pool
- Savings deposits
- Repurchase agreements
- Municipal bonds offered by any Kansas Municipality

COLLATERALIZATION

Collateral is required on all City investments and funds on deposit held in authorized financial institutions, except for investments which are covered by Federal Deposit Insurance Corporation (FDIC) and direct obligations of the U.S. government. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 100% of current value of principal and accrued interest.

Collateral may consist of the following:

1. Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations, including but not limited to letters of credit, and securities of United States sponsored corporations which under federal law may be accepted as security for public funds; and
2. Bonds of the State of Kansas.

SAFEKEEPING AND CUSTODY

Collateral securities will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. Pledged collateral shall not be released until an acceptable re-pledging of collateral is made and confirmed to The Finance Director or his/her designee in the event of a transfer of collateral. Safekeeping procedures shall be reviewed annually by the independent external auditor.

DIVERSIFICATION

It is the policy of the City to diversify its investment portfolio by security type and maturity. Assets held in the cash fund and other investment funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity or a specific class of securities.

MAXIMUM MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not invest in securities maturing more than two (2) years from the date of purchase. However, the City may invest reserve funds in securities exceeding two (2) years if the maturities of such investments are made to coincide as nearly as possible with the expected use of the funds.

INTERNAL CONTROL

The Finance Director shall establish a system of written internal controls to assure compliance with state laws and this policy. The controls shall be designed to prevent the loss of public funds due to fraud, error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees or officers of the City. An annual, independent audit review shall provide internal control by assuring compliance with state laws and this policy.

INTEREST ALLOCATION

Interest earned on investments will be allocated according to Kansas Statutes, specific fund requirements, and based on level of participation in the investments.

PERFORMANCE STANDARDS

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles taking into account the City's investment risks, constraints and cash flow needs.

MARKET YIELD

The basis used by The Finance Director to determine whether market yields are being achieved shall be the 91-day U.S. Treasury Bill rate or the amount established by the State Municipal Investment Pool.

REPORTING

The Finance Director or designee shall compile monthly investment reports showing type of investment, institution, rate of interest, term, maturity date, and projected interest earnings at maturity. Interest earnings reports and collateral reports for each financial institution shall also be prepared.

REVIEW OF POLICY

The Finance Director shall review the policy on an annual basis with the City Manager, and any modifications made thereto must have prior approval of the City Commission.

CITY OF LEAVENWORTH, KANSAS
PURCHASING POLICY
(Commission Approved September 2016)

INTRODUCTION

Standardized purchasing provides an opportunity by which the City of Leavenworth may maximize financial resources through the use of sound procurement practices. The City of Leavenworth shall embody the following principles:

- To consider the best interests of the City in all transactions and to carry out its established policies,
- To purchase without prejudice, seeking to obtain the maximum value for each dollar expended in accordance with established City quality standards,
- To strive consistently for knowledge of materials, supplies and services required for use by the City and to establish practical methods of acquiring them, and
- To foster honesty and truth in buying and to avoid conflicts of interest, unethical practices, and the appearance of same.

PURPOSE

The purpose of this policy is to provide guidelines to all City personnel, establishing authority and limits for the purchase of materials, supplies, equipment, and services by the City.

SCOPE

The City's purchasing policy is based upon Kansas State Statutes and City Ordinances. This policy shall apply to any expenditure of City funds. However, this policy shall not prevent the City from complying with the terms and conditions of any grant, gift, bequest, or cooperative agreement.

On January 26, 2010, the City Commission adopted the HUD (Housing and Urban Development) Program purchasing policies for Planters II expenditures using federal funds; therefore, Planters II is exempt from this policy. A copy of the policy is on file in the Finance office for viewing.

PURCHASING AUTHORITY

City Commission

The responsibility for all purchases made by the City of Leavenworth is held by the City Commission. The City Commission shall authorize the City Manager to establish procurement rules and regulations for all City personnel.

City Manager

The City Manager shall establish the rules and regulations for the procurement of all goods and services, which will be applicable to all City employees. The City Manager and City Commission possess the sole authority for any deviation from procurement regulations. If improper procurement practices occur, the City Manager may invoke disciplinary action upon the individual, department, and or division. Disciplinary action may be in the form of restricted purchasing delegation, restitution, suspension, termination or any other form deemed appropriate by the City Manager.

Department Directors

By authority of the City Manager, Department Directors or their designee shall be delegated procurement authority and responsibility for:

- Ensuring that all personnel in their department are knowledgeable of and fully understand the procurement procedures established by the City Manager.
- Ensuring that purchasing policies are applied uniformly and consistently to all purchases made by their department.
- Ensuring that specifications and requirements submitted for purchases provide for maximum competition among vendors providing goods or services
- Planning purchases in such a manner to allow sufficient time for compliance with purchasing policies and procedures.
- Requesting purchasing cards for their department employees
- Approving their employees purchasing card receipts in a timely manner
- Notifying the vendor and Finance of erroneous, disputed, or returned charges as soon as possible
- Notifying Finance of lost or stolen cards as soon as possible

Finance Director

By authority of the City Manager, the Finance Director shall be delegated procurement authorization and responsibility for:

- Hiring and directing the Purchasing Agent.
- Recommending policies and procedures for purchasing for establishment by the City Manager.
- Directing and managing the purchasing processes and operations.
- Reviewing and updating purchasing policies and procedures on a regular basis.

Purchasing Agent

The Purchasing Agent shall have the authority and responsibility to:

- Ensure compliance with the purchasing policies, statutes, and other purchasing regulations
- Assemble and disseminate bid packets and RFP's
- Provide bid information to the City Clerk for publication in the official City newspaper
- Establish and preside over bid openings
- Manage online vendor registrations
- Request and issue new purchasing cards; informing cardholders of the appropriate use of purchasing cards
- Review receipts from cardholders to ensure accuracy and appropriateness of purchases
- Reconcile and process monthly purchasing card statements after approval of cardholder and cardholder's supervisor
- Cancel and discard purchasing cards
- Verify card provider has been notified of erroneous, disputed, or returned charges
- Verifying card provider has been notified of lost or stolen cards

Purchasing Cardholder and other employees designated by Department Directors to have purchasing authority

The Cardholder and other City employees shall have the authority and responsibility as designated to them by their supervisor to:

- Be familiar and comply with the purchasing policies
- Make purchases within the limitations as established in these policies
- Ensure purchases are used for only City business
- Ensure the security of City purchasing cards

- Obtain and retain itemized receipts
- Notifying supervisor of erroneous charges, disputed items, or returns as soon as possible
- Notifying card provider and supervisor of lost or stolen cards as soon as possible

Purchasing Authority Limitations

Dollar Purchase Range	Who makes this purchase	Process
\$1-\$4,999	All City employees as delegated by Department Director	Purchasing card/PO
\$5,000-\$9,999	All City employees as delegated by Department Director	3 Verbal Quotes (documented)
\$10,000-\$24,999	Department Director or Designee with City Manager approval	3 Written Quotes
\$25,000 and over	Purchasing Agent via Department Director request & City Manager Authorization & City Commission Approval	Formal Sealed Bids/RFP's

Purchases of an aggregate cost of less than \$5,000 may be made, without competition, on the open market, upon authorization of the Department Director.

For non-emergency purchases exceeding \$5,000 but not exceeding \$10,000, the Department Director shall make every effort to secure at least three (3) verbal price quotes. The quotes may be documented by the Department Director and accompany the purchase requisition as an attachment in the financial system.

Those purchases exceeding \$10,000 but not exceeding \$25,000 requires three (3) written quotes must be authorized by the Department Director and approved by the City Manager or designee. The three (3) written quotes must accompany the purchase requisition.

All purchases exceeding \$25,000 require formal bids/RFP's conducted by the Purchasing Agent. The City Manager or designee shall approve a Request to Bid prior to initiating the bid process.

All purchases of professional services exceeding \$25,000 require formal RFP's conducted by the Purchasing Agent. The City Manager or designee shall approve a Request to Bid prior to initiating the bid process.

All bid/RFP awards shall be approved by the City Commission prior to issuing a contract. Once the contract has been approved, a requisition must be completed and the request to bid, bid results, contract copy, and commission minutes showing approval shall be attached to the file before the requisition is converted to Purchase Order.

For purchases less than \$25,000, the City Manager reserves the right to determine the competitive process used to obtain goods or services.

Purchases shall not be split in order to avoid the bid process.

EXCEPTIONS TO PURCHASING LIMITS

The City makes certain purchases and transactions which may not be readily adaptable to competitive procurement procedures, but require the issuance of a purchase order for vendor authorization and budgetary requirements. These transactions will be exceptions to the competitive procurement policies described elsewhere in this manual, but may be subject to the same dollar amount, contract and change order approval limitations contained herein.

The following are exceptions to the City competitive procurement process:

- Approved sole source procurements in accordance with the policies contained herein.
- Emergency purchases made in accordance with the policies contained herein.
- Purchase of local utility services for City owned or operated facilities.
- Utility relocation payments negotiated in accordance with resolutions and ordinances adopted by the City Commission.
- Procurement of goods and services for joint projects authorized by intergovernmental agreement with another governmental entity or entities when such other governmental entity which is party to the intergovernmental agreement is administering the project.
- Procurement of goods in which pricing is so volatile that vendors decline from participating in the sealed bid process, for example asphalt or other oil based products. These products may be obtained through written quotes.

- Purchases made through cooperative agreements, as defined on page 72 of this manual.
- Seminar and training registrations and professional membership dues and fees.
- Postage expenses.
- Legal and classified advertising in the official City newspaper as designated by the City Commission, or other newspaper, magazine or publication determined necessary and appropriate for such publication by the department.
- Sale of temporary notes and bonds.
- Purchase of land, land rights, or existing real property.
- Employee compensation, employee reimbursements, and employee benefits, including but not limited to premiums for health, life or disability insurance, payments to pension or deferred compensation plans, employment or payroll taxes.
- Insurance claims, losses and loss adjustment expenses, including payments for policy deductibles, retained losses. Fees for services paid to agents, brokers or third party administrators, however, are not exempt.
- Interfund and operating transfers and reimbursements, including payments to Internal Service Funds.
- Other purchases as authorized, in writing, by the City Manager or City Commission.

PUBLIC IMPROVEMENTS

The purchase of goods and/or services related to public improvement projects shall be governed by K.S.A. 13-1017, as amended by City ordinances.

K.S.A. 13-1017 states:

“Before undertaking the construction or reconstruction of any sidewalk, curb, gutter, bridge, pavement, sewer or any other public improvement of any street, highway, public grounds or public building or facility, or any other kind of public improvement in any city of the first class is commenced or ordered by the governing body, or under its authority, a detailed estimate of the cost of the improvements shall be made under oath by the city engineer (or some other competent person, appointed for such purposes by the governing body). Such estimate shall be submitted to the governing body for its action thereon. In all cases where the estimated cost of the contemplated building, facility or other improvement amounts to more than ~~\$2,000~~, **\$25,000.00*** sealed proposals for the improvement shall be invited by advertisement, published by the city clerk once in the official city paper.”.....”This section shall not be construed to include any repair or maintenance work not amounting to substantial alteration, addition or change in any structure, street or facility. "Public improvement" as used herein shall not include the making of repairs or the maintenance of any building, street, sidewalk or other public facility in such cities by employees of such cities or the making of any expenditure from the city budget for such purposes.”

Charter Ordinance 40 was passed May 27, 1997 exempting the City of Leavenworth from the \$2,000 dollar limit and allows the city to make future changes by simple Ordinance.

*By City ordinance, the \$2,000 threshold has been changed to **\$25,000.00**.

Given the technical nature of such improvement projects, the City of Leavenworth has determined that the City Engineer shall be responsible for adhering to applicable state and federal purchasing requirements, and shall be responsible for conducting the appropriate formal proposal processes.

PREFERENCE TO VENDORS DOMICILED IN THE CITY LIMITS

When the City of Leavenworth solicits quotations or bids for the purchase of goods or services, it is common to receive responses from vendors domiciled both within and outside the Leavenworth city limits.

In such circumstances, if the low quotation or bid is submitted by a vendor domiciled outside the Leavenworth city limits, then the vendor domiciled within the Leavenworth city limits may nevertheless be deemed the preferred vendor and awarded the contract, provided that:

- The goods or services quoted or bid by the vendor domiciled within the Leavenworth city limits meets the specifications of the procurement;
- The amount of the quotation or bid of the vendor domiciled within the Leavenworth city limits is not more than 1% greater than the amount of the low quotation or bid; and
- The vendor domiciled within the Leavenworth city limits agrees to meet the low quotation or bid by filing a written agreement to that effect within 72 hours after receiving notification of being deemed the preferred vendor.

This section shall not apply to the procurement of goods or services that relate to public improvements governed by K.S.A. 13-1017 as described in Public Improvements on page 55 of this manual.

For the purpose of this section, "vendor domiciled within the Leavenworth city limits" is defined as a vendor who:

- Maintains a permanent place of business within the Leavenworth city limits, and
- Has a valid State sales tax registration certificate.

QUOTATIONS

A quotation is either a written or verbal statement of prices, terms of sale, and description of goods or services offered to the City by a prospective vendor.

Verbal quotes are required for all purchases with an aggregate cost of at least \$5,000 but less than \$10,000. Quotations may also be used for purchases less than \$5,000 at the discretion of the appropriate Department Director or Division Superintendent.

Written quotes are required for all purchases with an aggregate cost of \$10,000 but less than \$25,000.

Departmental Authority

Departments may, in the aforementioned circumstances, contact potential contractors, obtain quotes, document the competition by completing a standard City quotation form, then attach the quotation and any other documentation to the requisition entered into the financial system. The requisition will be approved by the appropriate individual(s) and, if approved, converted to a purchase order.

Obtaining Verbal Quotations

Soliciting verbal quotations by telephone requires preparation and the proper recording of prices, delivery information, and credit terms. The following steps are applicable to soliciting verbal quotations.

1. Have the quotation form available. Make sure the form is complete as to the item(s) to be quoted, the quantity required and the unit of measure of the item(s) as well as any special conditions or requirements, i.e., warranty, ongoing maintenance, etc.
2. Decide in advance what firms or individuals represent a possible source of supply and add their names to the quotation form.
3. Contact a person authorized to quote for the firm.
4. When that person has been contacted:
 - a. Identify the City representative by name.
 - b. Inform the contact that the City representative represents the City of Leavenworth (name of department) and is soliciting competitive verbal quotations.

- c. Provide the date by which the quoted item(s) must be delivered to the City receiving point.
 - d. Provide the quantity, unit of measure, a complete description of the item(s) that require pricing and any special considerations and/or requirements that pertain to the procurement.
 - e. Request firm pricing for the required item(s) and ask what credit terms will be extended to the City if an order is placed with their firm.
 - f. Ensure that all contacts are furnishing quotations on equivalent goods or services.
 - g. Utilize the quotation form to record the results of the conversation including the name of the person that quoted the prices and the date the prices were quoted.
 - h. Thank the contact for their quotation and inform them their firm will be notified by an official City purchase order if their quotation is the lowest price fully meeting the requirements of the quotation.
5. Contact no fewer than three (3) potential contractors.
 6. Tally the quotation form and mark the selection of the most competitive quotation. The most competitive quotation is the lowest total price that meets or exceeds the requirements of the quotation, subject to the provisions of the local vendor preference policy as articulated on page 56 of this manual.

When Verbal Quotations Are Not Appropriate

Verbal (telephone) quotations can be used to accomplish the large majority of procurements of goods and services of an aggregate cost more than \$1,000 but less than \$5,000. Verbal quotations are convenient but do not lend themselves to all such purchases. Under the following circumstances, it is generally desirable to obtain written quotations:

1. Special specifications or technical problems are involved in the purchase which is difficult to describe verbally.
2. A large number of separate items are involved in the quotation.
3. Potential customers are located outside the local trade area.
4. It is not economical or possible to secure verbal quotes.
5. When the dollar amount exceeds the limit for verbal quotes.

Obtaining Written Quotations

Written quotations are obtained in the same manner as verbal quotations except it is necessary to predetermine and inform the contact of the date by which a written quotation must be received. If the proposed purchase is of a technical nature, it may also be necessary to furnish the contact with drawings and/or written specifications.

Formal Bids

Formal bids are written documents issued by the Purchasing Agent inviting potential contractors to submit sealed, written pricing for specific goods and services in conformance with specifications, terms, conditions and other requirements described in the bid document.

Formal bids require public notice (legal publication), public bid opening at a time and place designated in the bid document, and a minimum of ten working days between distribution of the bid document and the public opening.

Formal bids are utilized for procurements of goods and services other than professional services whose estimated aggregate cost is \$25,000 or greater. Formal bids may also be used for purchases less than \$25,000 at the discretion of the appropriate Department Director or at the direction of the City Manager.

Initiation of Formal Bid Process

Formal bids are initiated by submission of a completed Request to Bid form which has been properly authorized by the City Manager or designee with attached specifications and descriptive literature to the Purchasing Agent.

Preparation of Formal Bids

Upon receipt of a completed Request to Bid form signed by the City Manager or designee, the Purchasing Agent will prepare the bid document in cooperation with the requesting department.

Contents of Formal Bidding Document

The bidding document shall include:

1. A cover sheet detailing bid title, bid number, bid opening date and time, and location of the bid opening.
2. City's Standard Terms and Conditions describing the procedures and requirements for responding to the bid.
3. An Affirmative Action certification signed by the City Manager.
4. Special Terms and Conditions governing subsequent contractual provisions between the successful bidder and the City (includes insurance and bonds), if necessary.
5. Open and competitive specifications (provided by the department requesting the bid) that describe with reasonable minuteness the physical and/or functional requirements of the goods or services required.

6. Bid sheets to be filled in, signed and dated by bidders on which they offer prices for the goods or services listed on the bid sheet(s).
7. Other forms or attachments if applicable: bond forms, drawings, non-collusion affidavit, etc.

Pre-Specification Conference

If required, the Purchasing Agent reserves the right to convene pre-specification conferences to assist in the drafting of open and competitive bidding specifications. Such conferences are attended by potential bidders, appropriate departmental personnel involved in the proposed procurement, and the Purchasing Agent.

Approval of the Bidding Document

The requesting department shall review and approve the bidder's list and initial the bid document after its preparation by the Purchasing Agent but prior to the publication (legal notice) and distribution of the bid document.

Publication Notice

The Purchasing Agent will provide a publication notice (legal notice) to the City Clerk for each City formal bid to be published in the official City newspaper a minimum of 10 working days prior to the bid's opening date or as otherwise required by Kansas statute. Bid documents shall not be distributed until the notice is published.

Additional publications may be utilized and selected by the Purchasing Agent on the basis of need and suitability for any particular proposed procurement.

The publication notice will invite prospective bidders to submit sealed bids for the particular proposed procurement and will also list the bid number, bid title, date, time and place of the bid opening, where copies of the bid document may be obtained, and will contain verbiage signifying the City is an Equal Opportunity Employer. If a pre-bid conference is contemplated, the time, date and location of such conference shall be included in the publication notice. A requirement for mandatory attendance at a pre-bid conference shall also be included in the publication notice.

All publication notices shall be issued by or through the Purchasing Agent. All costs related to the publication shall be borne by the requesting department.

Pre-Bid Conference

If required, the Purchasing Agent reserves the right to convene a pre-bid conference for the purpose of reviewing and clarifying the published specifications and answering potential bidder's questions about the bid project. Such conferences are attended by potential bidders, appropriate departmental personnel involved in the proposed procurement, and the Purchasing Agent.

All pre-bid conferences will be open to the public and all potential bidders will be encouraged to attend. The Purchasing Agent also reserves the right to require mandatory attendance of potential bidders at the pre-bid conference.

The date, time and place of any such pre-bid conference will be included both in the bid document and notice of publication if such a conference is contemplated.

Addenda

Any and all changes, modifications or clarifications to the distributed bid document will be issued by the Purchasing Agent in the form of a written addendum distributed to all potential bidders of record.

Without providing an extension of the bid submission date, addenda shall not be issued within timeframes so close to the bid submission date as to present potential bidders with insufficient time to properly complete and submit their bid.

After their issuance, addenda become a part of the bid document.

Cancellation of Bids Prior to Bid Opening

The City reserves the right to cancel distributed bids prior to the date and time of the bid opening.

Withdrawal of Bid or Submission of a Corrected Bid

Bidders may withdraw their bids, for any reason, prior to the time and date of the bid opening. Such withdrawal shall be requested in writing by an authorized agent of the bidder.

Bidders may submit a corrected bid any time prior to the time and date of the bid opening.

Public Bid Opening

All bids received in accordance with instructions specified in the bidding document will be publicly opened and read aloud immediately following the time and date designated in the bidding document.

A minimum of two City representatives shall be present at bid openings to open and record the bids.

Bids received after the time and date designated in the bidding document shall not be opened or considered for award. Such bids will be returned unopened to the bidder if a return address is furnished on the bid envelope.

Modification or Withdrawal of Bids after the Bid Opening

Bids may not be modified after the public bid opening.

Negotiations with bidders after the receipt and opening of bids are not allowed.

Bids may be withdrawn without prejudice after the public bid opening upon written request of the bidder only if it can be proven to the satisfaction of the Finance Director that an error of sufficient magnitude occurred in the preparation of the bid that so damaged the bid that the City's acceptance of the bid would be unconscionable.

Minor clerical or mechanical errors in a bid shall not confer to any bidder the right of bid withdrawal.

Bids withdrawn in opposition of the procedure subject the bidder to forfeiture of any required bid security and debarment or suspension as outlined above.

Rights Reserved by the City

The City reserves the right to reject any and all bids and any part of a bid, to waive informalities, technical defects and minor informalities in bids received.

Public Access to Bid Documents

After bids have been publicly opened, the bids become public information and will be available for inspection by the general public in accordance with the Kansas Open Records Act. Generally, information contained in the bid that discloses proprietary or financial information is not available to the general public.

Bid Award for Contract Under \$25,000

Bids shall be awarded to the lowest responsive and responsible bidder(s) whose bid meets or exceeds the published specifications and all other bid requirements, subject to the provisions of the local vendor preference policy as articulated on page 56 of this manual.

Bid awards shall not be arbitrary or capricious.

Bid Award for Contract Over \$25,000

After a complete bid evaluation, the requesting department shall furnish a written Policy Report under signature of the appropriate Departmental Director and the Finance Director recommending the bid award. If the departmental recommendation is to accept other than the lowest responsive and responsible bidder - subject to the provisions of the local vendor preference policy as articulated on page 56 of this manual - the Policy Report shall note the specific reasoning behind such recommendation.

The Policy Report shall be submitted to the City Manager for approval and submission to the City Commission for consideration.

Failure to Enter into Contract

If the successful bidder(s) fails to enter into a contract as provided for in the bid document, the bid will be awarded to the next lowest responsive and responsible bidder(s) or the proposed procurement will be rebid.

A successful bidder that fails to enter into contract as provided for in the bid document is subject to debarment or suspension, and forfeiture of any applicable bid bond.

Notification of Award

Successful bidders will be notified by Purchasing of bid award via an official City purchase order. The purchase order serves as the official contract document between the City and the contractor.

Other contractual documents may be issued to supplement the purchase order if deemed to be in the best interest of the City by the City's Legal Counsel.

Challenges

A challenge is defined as a written objection by a participating bidder regarding a bid, proposal, or quote specifications. The Department Director or designee shall investigate the written challenge and any evidence or documentation submitted with the challenge and issue a written decision. The decision rendered by the City is final.

The written challenge of the bid specifications must be filed with the City Clerk, at least five (5) business days before the bid opening due date and time listed on the bid documents. Any challenge received after the five (5) days deadline shall not be considered. The written challenge is to include the name, address, e-mail address, and telephone number of the challenging party, along with the identification of the bid and project title, a detailed statement of the reason for the challenge, supporting evidence or documentation to substantiate any challenges and the form of relief requested (e.g. the proposed addition, substitution, or modification to the specifications.)

Protests

A valid protest can only be filed by a bidder which can show that it would be awarded the contract if the protest were successful. Suppliers or subcontractors to a bidder or proposer cannot file a valid protest. The written protest must be filed with the City Clerk prior to 5:00 p.m. on the fifth (5th) business day following the day of issuing written notification of award. A written protest related to the award received after the five (5) business days shall be invalid and not considered.

The written protest is to include the name, address, e-mail address and telephone number of the bidder, identification of the bid and project title, a detailed statement of the reason for the protest, supporting evidence or documentation to substantiate the protest and concise statement of the form of relief requested (e.g. reconsideration of the bid award.) All of the above information must be included when the protest is submitted. Incomplete protests shall be rejected without consideration.

The decision of the City, based on the review of the written protest and information available from City sources, shall be rendered within ten (10) business days after receipt of the protest, recite the reasons for the decision, and be provided to the bidder by mail.

Specifications

Specifications are a written description of what the City seeks to purchase and, consequently, what a bidder must be responsive to in order to be considered for award of a City contract. Specifications identify the minimum acceptable requirements of any proposed procurement thereby assuring that the required quality level is procured. A specification may be a description of the physical (design specification) or functional (performance specification) characteristics of an item or a combination of physical and functional characteristics of an item.

It is the responsibility of requesting departments to provide the Purchasing Agent with open, competitive and non-restrictive specifications. It is also the responsibility of requesting departments to assure that specifications contain essential requirements relating directly to the aspects of proper quality levels.

The specifications should provide procurements that are able to perform as necessary and are as durable as needed. They should not, however, provide procurements that include unessential frills or status features.

To avoid organizational conflicts of interest and to assure objective specifications, potential contractors for any given procurement should not prepare or assist in the preparation of specifications for that procurement except as a participant in a Pre-Specification Conference.

City policy dictates open competition and it is essential for requesting departments to furnish Purchasing with complete, open, and non-restrictive specifications. Specifications that attempt to limit the proposed procurement to a specific product or service must be justified in writing by the requester and approved by the appropriate Department Director, Finance Director, and City Manager. After review by the Purchasing Agent, if departmentally supplied specifications do not lend themselves to the open and competitive procurement process, the specifications will be returned to the department for revision.

The Finance Director is ultimately responsible for ensuring that specifications are complete, competitive and non-restrictive before a bidding document is published and distributed. Finance will not unilaterally alter departmentally supplied specifications. Specifications will only be changed with the concurrence of the requesting department.

Non-collusion Affidavit

In some instances, the City may require bidders to provide a non-collusion affidavit in the bid response. The bidders must complete the affidavit in accordance with the instructions included in the packet.

Affirmative Action Letter

The City requires an Affirmative Action certification letter signed by the City Manager to be included in the bid packet. This can be obtained by contacting the Affirmative Action Officer in the City Manager's office at (913) 680-2604 or at 100 N. 5th St. Leavenworth, Ks 66048.

Bidders List

The Purchasing Agent shall be responsible for seeking open and competitive competition for formal and informal bids and requests for proposals (RFPs). To this end, the Purchasing Agent maintains listings of potential contractors of City required goods and services.

Any potential contractor may request the Purchasing Agent to place their firm on the City's bidder's lists.

Bidder's lists for specific procurements will be compiled by the Purchasing Agent from those listings and also from firms and/or individuals known to the requesting department that have expressed an interest in supplying the specific goods or services for the proposed procurement.

Requests for Proposals (RFP)

Requests for proposals (RFPs) are written documents issued by the Purchasing Agent inviting potential contractors to submit sealed proposals for specific professional services in conformance with scope of services, terms, conditions and other requirements described in the proposal document.

Professional services are defined as infrequent, technical and/or unique functions or work product performed or furnished by independent contractors whose occupation is the rendering of such services. Although not limited to licentiates, such services are generally considered professional.

Examples of professional services include medicine and the medical arts, architectural and engineering services, management and systems consultation, and research. Examples of services not deemed professional services would include landscaping, electrical and plumbing related services and the like.

The City's RFP process is a two-step process consisting of an initial ranking of all responsive proposals received followed by interviews with shortlisted (finalist) firms only.

RFPs require public notice (legal publication) and public proposal opening at a time and place designated in the proposal document.

RFPs are utilized for procurements of professional services whose estimated aggregate cost is \$25,000 or greater.

Selection Committee

The City's RFP process requires the formation of a selection committee to evaluate all respondent's initial proposal submittals, conduct interviews with shortlisted (finalist) firms, and to assist in contract negotiations with the successful respondent.

The selection committee will be comprised of at least three City employees familiar with the services being proposed and qualified to perform the requisite review and evaluation. Of the selection committee, a minimum of two City employees shall be selected from the requesting department. Other individuals, including City Commissioners and citizens, may also serve on a selection committee.

Initiation of RFP Process

RFP's are initiated by submission of a completed Request to Bid form which has been properly authorized by the City Manager or designee with attached specifications and descriptive literature to the Purchasing Agent.

Preparation of RFP's

Upon receipt of a completed Request to Bid form signed by the City Manager, the Purchasing Agent will prepare the RFP document in cooperation with the requesting department. The Request to Bid form must be accompanied by the Introduction, Scope of Services and City Will Supply sections, if applicable, to the Purchasing Agent. Proposed selection committee members are submitted to the Purchasing Agent at this point.

Contents of Formal Proposal Document

The proposal document includes:

1. A cover sheet detailing RFP title, RFP number, proposal submittal date and time, and location of the proposal submittal.

2. General Conditions describing the procedures and requirements for responding to the proposal.
3. Special Conditions governing subsequent contractual provisions between the successful respondent and the City (includes insurance and bonds).
4. Introductory Section supplied by the requesting department providing an overview of the proposed project including a narrative of the historical and present circumstances and future considerations bearing on the services required, the problem to be solved, and a general description of the actual services required.
5. Scope of Services section supplied by the requesting department providing the detailed tasks, work products and time lines required for the project.
6. City Will Provide section supplied by the requesting department providing a listing of assistance, materials, supplies, drawings, etc. the City will supply at no charge to the successful respondent to utilize in completing the City's project.
7. Instruction for Responding to the RFP section in which potential respondents are instructed to utilize the City supplied Proposal Forms and how many copies of their proposal must be submitted in response to the RFP.
8. City Affirmative Action requirements and Minority Business Enterprise Utilization Plan
9. Non-Collusion affidavit
10. Proposal section, including:
 - a. Firm Profile requiring specific, defined information on the firm or joint-venture submitting the proposal.
 - b. List of Outside Key Consultants/Associates that will be used for the City's project requiring specific, defined information on any consultants/associates that shall be used on the proposed project by the firm submitting the proposal that are not employees of or joint ventures with that firm.
 - c. Resumes requiring specific, defined professional information on and project responsibility assignments for individuals that would be involved on the City's project.
 - d. Illustrative Work requiring specific, defined information on projects on which the submitting firm's or joint venture's employees that would be involved with the City's project have worked on that best establishes the firm's collective and/or individual qualifications.

- e. Additional Information allowing the submitting firm or joint venture to list additional information or describe resources supporting their qualifications.

11. Other forms or attachments such as drawings, maps, etc., if applicable.

Approval of the Proposed Document

The requesting department shall review and approve the bidder's list and proposal document after its preparation by the Purchasing Agent but prior to the publication (legal notice) and distribution of the proposal document.

Publication Notice

The Purchasing Agent will provide a publication notice (legal notice) to the City Clerk for each City RFP to be published in the official City newspaper a minimum of 10 working days prior to the RFP's submission date or as otherwise required by Kansas statute. Proposal documents shall not be distributed until the notice is published.

Additional publications may be utilized and selected by the Purchasing Agent on the basis of need and suitability for any particular proposed procurement.

The publication notice will invite prospective respondents to submit sealed proposals for the particular proposed procurement and will also list the RFP number, RFP title, date, time and place of the RFP submission, where copies of the proposal document may be obtained, and will contain verbiage signifying the City is an Equal Opportunity Employer. If a pre-proposal conference is contemplated, the time, date and location of such conference shall be included in the publication notice. A requirement for mandatory attendance at a pre-proposal conference shall also be included in the publication notice.

All publication notices shall be issued by or through the Purchasing Agent. All costs related to the publication shall be borne by the requesting department.

Pre-Proposal Conference

If required, the Purchasing Agent reserves the right to convene a pre-proposal conference for the purpose of reviewing and clarifying the published proposal document and answering potential respondent's questions about the proposed project. Such conferences are attended by potential

respondents, appropriate departmental personnel involved in the proposed procurement, and the Purchasing Agent.

All pre-proposal conferences will be open to the public and all potential respondents will be encouraged to attend. The Purchasing Agent also reserves the right to require mandatory attendance of potential respondents at the pre-proposal conference.

The date, time and place of any such pre-proposal conference will be included both in the proposal document and notice of publication if such a conference is contemplated.

Addenda

Any and all changes, modifications or clarifications to the distributed proposal document will be issued by the Purchasing Agent in the form of a written addendum distributed to all potential respondents of record.

Without providing an extension of the proposal submission date, addenda shall not be issued within timeframes so close to the proposal submission date as to present potential respondents with insufficient time to properly complete and submit their proposal.

After their issuance, addenda become a part of the proposal document.

Cancellation of RFP Prior to RFP Submission

The City reserves the right to cancel distributed RFPs prior to the date and time of the RFP submission.

Withdrawal of Proposal or Submission of a Corrected Proposal

Bidders may withdraw their RFP, for any reason, prior to the time and date of the RFP submission. Such withdrawal shall be requested in writing by an authorized agent of the respondent.

Bidders may submit a corrected RFP any time prior to the time and date of the RFP submission.

Public RFP Opening

All RFPs received in accordance with instructions specified in the proposal document will be publicly opened and accepted for consideration immediately following the time and date designated in the proposal document.

A minimum of two City representatives shall be present at RFP openings to open and record the RFPs.

RFPs received after the time and date designated in the proposal document shall not be opened or considered for award. Such RFPs will be returned unopened to the respondent if a return address is furnished on the RFP envelope.

Modification or Withdrawal of Proposals After the Proposal Opening

RFPs may not be modified after the public bid opening.

Negotiations with respondents after the receipt and opening of RFPs are not allowed.

RFPs may be withdrawn without prejudice after the public RFP opening upon written request of the respondent only if it can be proven to the satisfaction of the Finance Director that an error of sufficient magnitude occurred in the preparation of the RFP that so damaged the proposal that the City's acceptance of the proposal would be unconscionable.

Minor clerical or mechanical errors in a RFP shall not confer to any respondent the right of RFP withdrawal.

RFPs withdrawn in opposition of the procedure subject the respondent to forfeiture of any required RFP security and debarment or suspension as outlined above.

Rights Reserved by the City

The City reserves the right to reject any and all proposals and any part of a proposal, to waive informalities, technical defects and minor informalities in proposals received.

Public Access to Proposal Documents

After RFPs have been publicly opened, the proposals become public information and will be available for inspection by the general public in accordance with the Kansas Open Records Act.

Generally, information contained in the proposal that discloses proprietary or financial information is not available to the general public.

RFP Award

After a complete proposal evaluation, the selection committee will negotiate the cost proposal with the highest ranking firm. If the selection committee cannot negotiate a mutually agreeable contract with the successful firm, the selection committee will then enter into contract negotiations with the next highest ranked firm, and so on until a mutually agreeable contract can be negotiated.

A successful bidder that fails to enter into contract as provided for in the bid document is subject to debarment or suspension, and forfeiture of any applicable bid bond.

Upon completion of negotiations, the requesting department shall furnish a written Policy Report under signature of the appropriate Departmental Director and the Finance Director recommending the proposal award. The Policy Report shall be submitted to the City Manager for approval and submission to the City Commission for consideration.

Notification of Award

Successful respondents will be notified by Purchasing of RFP award via an official City purchase order. The purchase order serves as the official contract document between the City and the contractor.

Other contractual documents may be issued to supplement the purchase order if deemed to be in the best interest of the City by the City's Legal Counsel.

Scope of Services

A Scope of Services is a section of a Request for Proposal (RFP) in which the specific needs of the requesting department are outlined along with how those needs can be met.

The Scope of Services, as written, must detail with reasonable minuteness the specific individual and collective work tasks to be performed, specific work products to be furnished, and the required timeframes for performance that must be met by the successful respondent to the RFP to complete the proposed project.

The Scope of Services must be as clear and detailed as possible to assure a consistency of response to the RFP from potential contractors. Without such responses, respondent's proposals cannot be fairly evaluated nor can the required cost proposals submitted by the finalist firms be equitably evaluated.

Requesting departments are responsible for supplying a complete and detailed Scope of Services section along with the Request to Bid form to the Purchasing Agent to initiate the RFP process.

Cooperative Purchasing

K.S.A. 12-2901 authorizes local governments to participate in purchasing cooperatives. Cooperative purchasing is a process by which two or more jurisdictions cooperate to purchase items from the same vendor. It has the benefit of reducing administrative costs, eliminating duplication of effort, lowering prices, sharing information, and taking advantage of expertise and information that may be available in only one of the jurisdictions.

The Purchasing Agent is authorized to participate in, sponsor, conduct, or administer a cooperative agreement with one or more public entities in order to combine requirements, increase efficiency, or reduce administrative expenses. Participation in cooperative purchasing as described in this section is exempted from the competitive bidding and advertising requirements.

The Purchasing Agent is authorized to use the Kansas Division of Procurement or political subdivisions of the State of Kansas, other governmental agencies, and or public procurement cooperatives (i.e. Western States Contracting Alliance, US Commodities, Kansas City Regional Purchasing Cooperative, etc.) in the purchase of supplies, materials, or equipment when such actions serve the best interests of the City.

Lease Agreements and Lease Purchase Agreements

Lease agreements and lease purchase agreements must contain a non-appropriation clause pursuant to Kansas cash-basis law in accordance with K.S.A. 10-1116b and K.S.A. 10-1116c. All litigation and arbitration venues must be in Leavenworth County Kansas. Lease agreements shall not be in conflict with Kansas Statutes and City Policies. All lease agreements shall be reviewed by the Department Director, Purchasing Agent, and City Attorney for approval.

The City Commission appropriates annual lease payments and/or lease purchase payments unless it chooses not to appropriate under Kansas cash basis law. If lease payments and/or lease purchase payments are not appropriated, ownership of the property remains with the leasing party. At the conclusion of the lease term, the City either receives unencumbered ownership of the asset or receives an option to purchase the asset at a predetermined price.

Change Order Authority

Changes during the performance of a contract are usually accomplished by issuance of a change order, modification, stop-work or termination notice, or by renewal or extension of a contract.

Change orders should be reviewed carefully to determine whether or not the subject of the change order is something that should have been or was thought to be covered in the original contract. Questions could arise about whether a vendor intentionally lowered the pricing of the bid with the intent to increase it at a later date through change orders.

A project change order is a written order negotiated by the City with a contractor covering changes in the plans, quantities, time, or work items, within or beyond the scope of the original contract and/or bid documents and establishing the basis of payment and time adjustments for the work affected by the change.

The City utilizes a purchase order form authorizing a vendor to deliver goods and services as specified and within the terms and conditions contained thereon. A change order to a project, therefore, also requires a change order to a purchase order.

The following approval limits apply to project change:

- Change orders on contracts may be approved by the City Manager for amounts less than \$25,000 as long as the amount of change doesn't exceed 10% of the original contract.
- Change orders that seek to revise the amount of the contract more than \$25,000 or an amount that exceeds 10% of the original contract shall be approved by the City Commission.

It is the responsibility of user departments to fully and completely justify all requested change orders.

Sole Source Purchases

The following are the criteria used for determining sole source:

- The Vendor is the original equipment provider and required parts or equipment are unavailable from another vendor.
- The compatibility or conformity with City owned equipment, parts, materials, or expertise in which non-conformance would cause additional expenditures.
- No other equipment is available that shall meet the specialized needs of the department or perform the intended function.
- Detailed justification is available which reasonably establishes that the vendor is the only source feasibly available to provide the item or service required.
- Written justification is provided which reasonably and feasibly establishes that the selection of a sole source vendor is in the best interest of the City

It is the responsibility of user departments to fully and completely justify all requested sole source procurements.

- The Finance Director shall approve sole source requests of an aggregate cost of less than \$5,000.
- The City Manager or Assistant City Manager shall approve sole source requests of an aggregate cost of between \$5,000 and \$25,000.
- The City Commission shall approve sole source requests of an aggregate cost of more than \$25,000.

For any and all approved sole sources, the Finance Director reserves the right to require references from the approved vendor.

Emergency Purchases

An emergency situation is defined as a circumstance in which:

1. The functioning of the City government is at risk.
2. The health or safety of any person is at risk.
3. The preservation or protection of property, machinery, or equipment is at risk.

An emergency purchase may be made with or without benefit of the competitive procurement process.

The City Commission or City Manager can declare an emergency during the hours of the City's normal work week. Department Directors can declare an emergency outside the hours of the City's normal work week as long as the situation meets the criteria outlined above. Emergencies which require a purchase order outside the hours of the City's normal work week may be made by authorized departmental personnel and followed-up immediately by the submission of a confirming requisition.

The Finance Director shall approve emergency purchase requests of an aggregate cost of less than \$5,000.

- The City Manager or Assistant City Manager shall approve emergency purchase requests of an aggregate cost of between \$5,000 and \$25,000.
- The City Commission shall approve emergency purchase requests of an aggregate cost of more than \$25,000.

This procedure shall not be substituted for a lack of proper planning (including the potential loss of year end funds) by user departments nor used to circumvent the competitive purchasing process in the absence of a bona fide emergency as defined above.

Debarment or Suspension

After consultation with the City's Legal Counsel, the City Manager is authorized to suspend a firm or person from consideration for award of contracts if there is probable cause to believe that the firm or person has engaged in any activity which might lead to debarment. The suspension shall be for a period not to exceed three (3) months.

After reasonable notice to the firm or person involved and after reasonable opportunity for that firm or person to be heard, the City Manager, after consultation with the City's Legal Counsel, is

authorized to debar a firm or person for cause from consideration for award of contracts. The debarment shall be for a period of not more than three (3) years.

The causes for debarment include:

1. Conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.
2. Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a City vendor.
3. Conviction under state or federal antitrust statutes arising out of the submission of bids or proposals.
4. Violation of contract provisions, as set forth below, of a character which is regarded by the Finance Director to be so serious as to justify debarment action:
 - a. Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - b. A recent record of failure to perform or unsatisfactory performance in accordance with the terms of one (1) or more contracts, provided that failure to perform or unsatisfactory performance was caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment.
5. Any other cause the City Manager determines to be so serious and compelling as to affect responsibility as a City vendor, including debarment by another governmental entity for any cause listed herein.

When the decision has been reached to debar or suspend, the City Manager shall issue a written decision concerning the matter. The written decision shall state the reasons for the action taken and inform the debarred or suspended firm or person involved of its rights concerning judicial or administrative review. The decision shall be mailed or otherwise furnished immediately to the debarred or suspended firm or person and shall constitute issuance thereof.

Insurance

Certificates of insurance shall be provided by the successful bidder or proposer to assure that the City's insurance program will not be called upon to respond to losses from, and that the contractor is financially capable of responding to, claims resulting from the contractor's operations, products, activities, or services for the City.

Construction and service contractors should provide evidence of commercial general liability, workers' compensation, and automobile liability coverage.

Professional services and environmental contractors should provide evidence of professional liability, commercial general liability, workers' compensation, and automobile liability coverage.

The certificate of insurance shall be issued to:

The City of Leavenworth
c/o City Clerk
City Hall
100 North 5th Street
Leavenworth, Kansas 66048

The certificate should evidence a thirty (30) day cancellation clause and the inclusion of the City Commissioners, City of Leavenworth, its officers, commissions, agents, employees, and volunteers as additional insured.

Depending upon the services requested in the procurement, additional or specialty coverage or specific limits of coverage may be required. The amounts and types of insurance required will be detailed in the bidding or proposal document.

Bonds

There are three major types of bonds used by the City in the competitive procurement process.

1. Bid Bonds are used when bid security is required to ensure that a firm or individual awarded a contract will subsequently enter into contract with the City.
2. Performance Bonds are used when a guarantee is required to ensure that a firm or individual that has entered into contract with the City will complete the project within the terms of the agreement.
3. Labor and Material Payment Bonds (Statutory Bonds) are used for all contracts exceeding \$10,000 entered into by the City for the purpose of making public improvements, constructing

any public building or making repairs on same. The bonds are required by K.S.A. 60-1111 and insure the payment of all indebtedness incurred for labor furnished, materials, equipment, or supplies used or consumed in connection with, or in or about, the construction, improvements or repairs. These bonds are issued in favor of the State of Kansas and are filed with the Clerk of the District Court.

The above bonds require the appointment of a Kansas resident agent and must be issued by an acceptable bonding company licensed to do business in the state of Kansas.

Checks or other security deposits shall not be accepted in lieu of the above bonds unless specifically approved by the City Clerk prior to the publication and distribution of the bidding documents.

Bid bonds, when required, are generally written in an amount equal to five percent (5%) of the total amount bid while performance and labor and material payments bonds are normally written in an amount equal to one hundred percent (100%) of the awarded contract.

Construction projects estimated to cost \$15,000 or more require all of the above bonds. Bid security for other purchases may be required by applicable statute or at the discretion of the City Clerk.

Annual Purchase Orders

An Annual Purchase Order is a purchase order that is issued for specified goods with a limit on the period of time the order is valid and the maximum amount of money which may be expended during the period of the order. Annual purchase orders facilitate departmental order placement and reduce the administrative overhead inherent in repetitive price comparison and order placement.

Annual purchase orders should be used when departments purchase repetitive, specified goods, or categories of goods, from the same vendor that require numerous orders and/or shipments over specified periods. Annual purchase orders may not be issued for periods extending past the fiscal year in which they are issued.

Annual purchase orders are issued by the Purchasing Agent - subject to proper authorizations - upon request of user departments. Once issued, the department may place orders against the purchase order until either the dollar limit is reached or the time period has expired. An increase

in expenditure authority of the purchase order may be requested by user departments by furnishing a change order request to the Purchasing Agent.

The following information is required to initiate Annual purchase orders:

1. A completed and properly authorized requisition.
2. A description of the goods required, or a description of the categories of goods required.
3. The maximum dollar amount authorized.
4. The maximum quantities authorized (if applicable).

Freight

F.O.B. is a transportation term meaning "free on board." Legally, the term is used to determine where the title to a shipment passes from the contractor to the buyer (City) and whether the contractor or the buyer pays the freight charges to the common carrier. All shipments to the City shall be accomplished F.O.B. Destination.

F.O.B. Destination implies that the City takes legal possession (title) to the shipment only when the shipment is delivered to the City's receiving location and that the vendor pays the shipping charges to the common carrier. F.O.B. Destination also implies that the vendor files and pursues all freight claims for missing or damaged shipments.

The City shall not contract for shipments on an F.O.B. Origin basis. F.O.B. Origin implies that the City takes legal possession (title) to the shipment when the vendor delivers the shipment to the common carrier and that the City pays all freight charges. F.O.B. Origin also implies that the City files and pursues all freight claims for missing or damaged shipments.

Receiving Shipments

As shipments arrive at the City's receiving locations, they should be properly received and inspected without delay. A thorough and prompt inspection of received goods is often necessary to preserve the City's legal rights if goods arrive at the receiving location in a damaged or other irregular condition.

All shortages, overages, evidence of damage or other inconsistency between the order and the shipment must be clearly noted and outlined by the City's receiving personnel on the carrier's bill of lading or other delivery document.

If time does not permit a thorough and timely receiving process, the carrier's bill of lading or other delivery document must be marked "Received subject to the City's inspection, count and testing." It is good practice to note such verbiage on all received shipments whether or not a complete inspection was accomplished.

Forms and Procedures

For purchases of less than \$5,000 and for invoices received by the department associated with existing purchase orders, the invoice should be scanned and attached to the request for payment in the financial system.

By approving the electronic payment request, the Department Director or Division Superintendent indicates agreement with the invoice, specifies that the goods and services were required for the proper operation of their department, and that the goods or services procured are verified as having been received by the department.

After all approvers of the invoice have approved it for payment, the Purchasing Agent/Accounts Payable staff processes the invoice for payment.

Requisition

A requisition is a departmental request seeking authorization to initiate a purchase. Upon authorization, the Purchasing Agent creates a purchase order. It is the sole responsibility of requesting departments to assure that requisitions are submitted with adequate lead time to allow the approval process to be completed by all approvers before making the purchase.

By approving the electronic requisition, the Department Director or Division Superintendent indicates agreement with the contents of the requisition, specifies that the goods and services are required for the proper operation of their department, and that sufficient funds exist to pay for the procurement.

After approval of the requisition by the Department Director or Division Superintendent, the requisition is approved by the Finance Director or City Manager depending on the amount of the requisition, prior to the creation of a purchase order.

Quotation Form

Verbal quotations are required for all purchases with an aggregate cost of at least \$5,000 but less than \$10,000. The Quotation form is designed to assist the department in obtaining and documenting the competitive procurement process in these circumstances.

The department completes the verbal quote process and documents it on the form. The Department Director or Division Superintendent signs and dates the form. By affixing their signature to the quotation form, the Department Director or Division Superintendent indicates agreement with the

contents of the quotation form, and that the competitive procurement process has been conducted in compliance with City policies and procedures.

Information detailing the results of the quotation is attached to the electronic requisition.

CITY OF LEAVENWORTH, KANSAS
REVENUE CONTROL POLICY
(Commission Approved March 2017)

INTRODUCTION

All aspects of financial management benefit significantly from strong internal controls, but none more than revenues and cash. Effectively managing revenues helps create a sustainable financial position.

The Government Finance Officers Association (GFOA) recommends that sustainability be considered a core value when setting organizational goals, policies, and business practices in all areas of public finance. Sustainability addresses establishing practices that meet present needs without impairing the organization's ability to meet its future needs by depleting resources through current economic consumption.

Likewise, financial sustainability can be defined as, "...a government's ability to manage its finances so it can meet its spending commitments, both now and in the future, ensuring that future generations do not face an unmanageable bill for government services provided to the next generation."

A revenue control policy helps ensure sound financial practices.

PURPOSE

The purpose of the Revenue Control Policy is to establish a framework from which the City Commission, City Manager, and all city departments may work to maintain effective revenue controls and cash management practices, including compliance with federal, state and local requirements and industry standards.

SCOPE

This policy will address elements of revenue as follows:

- Segregation of revenue related duties
- Revenue Diversification
- Reviewing and Updating rates and user fees
- Reviewing the effect of property values and mill rates
- Identifying and obtaining additional revenue sources
- Utilizing cash forecasting to identify whether rates and user fees need to be reviewed and updated

REVENUE CONTROL POLICY STATEMENT

The City of Leavenworth is committed to:

- Maintaining a diversified and stable revenue base to reduce the effects of short-term fluctuations in any one revenue source.
- Ensuring the segregation of revenue related duties for internal control purposes
- Making a prudent effort to collect revenues.
- Funding current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- Establishing various special revenue, capital project, debt service, and enterprise funds to account for revenues whose use should be restricted to certain activities. Accordingly, each fund exists as a separate financing entity from other funds, with its own revenue sources, expenditures, and fund equity.
- Clearly identifying operating transfers between funds in the annual budget. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from inter-fund borrowings, which are usually made for temporary cash flow reasons, and are not intended to result in a transfer of financial resources by the end of the fiscal year.
- Performing a comparative analysis of 3-5 years of revenues and expenditures to establish basic cash flow patterns by fund.
 - Monitoring daily cash balances and investments to verify accuracy and determine whether appropriate levels of cash are available.
 - Establishing a prioritization of expenditures that reflect organizational goals.
 - Establishing a five-year Capital Improvement Plan to help prioritize expenditures for upgrades, replacement, and maintenance of City infrastructure.
 - Forecasting conservatively because fluctuations in both revenues and expenditures occur for many reasons.
 - Updating cash requirements on a regular basis to ensure accuracy and validity of recommendations.
 - Including the nature of transactions rather than the method of payment in the forecast.
- Using the above criteria to monitor cash flow needs, for debt issuance timing, and for budgetary purposes. Any significant deviation from the established pattern, will be reviewed for cause and need for action
- Reviewing and updating fees on a regular basis to ensure that they keep pace with the changes in the cost of providing service, as well as changes in methods or levels of providing service.
 - In setting user fees and the levels of recovering the costs associated with providing services, there are several factors to be considered, such as, whether the service provides a benefit to the community at large, or is specific to a particular individual or group; the fees levels charged by comparable communities; the impact on the level of services provided, etc.
 - Enterprise fund fees and rates:

- The City will set fees and rates at levels which cover the total direct and indirect costs, including operations, capital outlay, capital improvements, the minimum acceptable reserve level as established in the City Budgetary Reserve Policy, and debt service of the following enterprise funds:
 - Sewer
 - Refuse
 - Refuse Restricted
- Payment In-Lieu of Taxes (PILOT):
 - In certain economic development circumstances, the City may assess reasonable payments in-lieu of taxes.
- Grant funding:
 - The City will actively seek grant funding for both operating and capital expenditures. Prior to accepting grant funding, the Grants Management policy will be reviewed in order to ensure the grant being applied for meets those requirements

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CITY OF LEAVENWORTH, KANSAS
TRAVEL POLICY

INTRODUCTION

All travel expenses paid from City funds shall be subject to these policies. The City of Leavenworth allows travel expenses for City Commissioners and employees who are required to travel to transact City business and when attending professional meetings, conferences, or training sessions which promote the overall job knowledge of the individual. Any exceptions to this policy must be approved by the City Manager. All travel and per diem requests will be submitted on a City of Leavenworth Travel Request Form and must have the approval of the department head and City Manager prior to scheduling of the travel period and prior to payment being made. All forms require supporting documentation including registration information outlining the inclusion of any lodging, meals or expenses with the registration fee.

MEALS

Overnight travelers may claim a per diem daily allowance for meals and receive that allowance in advance of the travel. A per diem per given locality will be calculated and paid based on the current rate of per diem for the specific destination as determined by the U.S. General Service Administration at www.gsa.gov. The per diem allowance is subdivided by meal (i.e. breakfast, lunch and dinner).

These per meal subdivisions WILL be used to calculate:

- The per diem allowance for partial days of travel, and
- The reduction in total per diem allowance when meals are paid as part of conference or registration costs.

LODGING

The City will reimburse an amount not greater than the actual cost of a single room. Employee sharing of accommodations is encouraged as a cost-saving practice. Itemized receipts of lodging expenses are required.

TRANSPORTATION

Transportation may be by City-owned vehicle, commercial carrier, private-owned vehicle, or rental vehicle.

All traffic tickets, fines, or other infractions of the law are the sole responsibility of the traveler. The City will **not** pay or reimburse any such expense.

Privately-Owned Vehicle

Mileage reimbursement paid to an employee is based upon miles traveled at the prevailing City mileage rate. With receipts, turnpike tolls and parking expenses will be reimbursed at cost.

City-Owned Vehicles

Turnpike tolls, parking expenses, gasoline, oil, repairs and other operating expenses will be reimbursed at cost with appropriate receipts.

Commercial Carrier

Whenever possible, commercial travel should be planned far enough in advance to take advantage of reduced fares.

The City will pay the lowest round-trip coach airfare available. The City prefers to pay the airfare directly when billed through a travel agency. Rail and bus fares may be allowed at the most economical rate.

Employees may choose either air or ground transportation. However, the City will only reimburse the traveler for the method which would cost the least for the City. The cost to fly would include airfare, parking fees, rental vehicle—if approved—and mileage to and from the airport. The cost to drive would include mileage, any additional per diem, and any additional lodging expenses.

Rental Vehicles

With prior written authorization from the City Manager or Assistant City Manager, rental vehicles may be authorized for use. Rental vehicles are restricted to the most economical size of vehicle required to carry out City business. With appropriate receipts, expenses will be reimbursed at cost for the rental, tolls, parking, gasoline and other operating expenses.

DAILY TRAVEL ALLOWANCE

When an employee travels to a destination within 50 miles of Leavenworth for a multi-day event, the City will not reimburse the employee for overnight lodging costs. The City will reimburse the employee for mileage to and from the destination each day at the prevailing City mileage rate.

If—as a matter of personal convenience—the employee chooses to stay overnight, then the employee may elect to receive a daily travel allowance of \$20.00 to defray travel costs **as an alternative to mileage reimbursement**. In order to receive this daily travel allowance, a receipt for overnight lodging costs must be submitted.

This daily travel allowance is in addition to any meal per diem to which the employee may be entitled.

PAYMENTS FOR SPOUSES AND GUESTS

Travelers on City business may be accompanied by spouses or guests for personal reasons. The City will not reimburse funds for **any** costs associated with the travel of these individuals.

PERSONAL EXPENSES

The City will not reimburse travelers for personal expenses that do not serve a public purpose. Such expenses include, for example, alcoholic beverages, movies, personal telephone calls, and tickets to plays and sporting events.

(From Appendix II of the City of Leavenworth Employee Handbook)

CITY OF LEAVENWORTH, KANSAS FINANCIAL PROCEDURES

INTRODUCTION

The purpose of this section of the Financial policies and procedures manual is to describe all accounting procedures currently in use at the City of Leavenworth, Kansas; to ensure that the financial statements conform to generally accepted accounting principles (GAAP); to ensure assets are safeguarded; to comply with guidelines of grantors and donors; and to manage finances with accuracy, efficiency, transparency, and sustainability.

All City staff with a role in the management of fiscal and accounting operations is expected to comply with the procedures herein.

These procedures will be reviewed annually and revised as needed by the Finance staff and approved by the City Manager.

DIVISION OF RESPONSIBILITIES

The following personnel have fiscal and accounting responsibilities:

City Commission

The City Commission has the following fiscal and accounting responsibilities:

- Establish goals and objectives
- Approve financial policies
- Review and approve claims
- Review and approve annual budget
- Review and approve Capital Improvement Plan
- Review and approve all contracts over \$25,000
- Review and approve all purchases over \$25,000
- Reviews City Manager's performance annually and established salary
- Receives and reviews annual audit
- Approves all grant submissions

City Manager

The City manager has the following fiscal and accounting responsibilities:

- Oversees the development of the annual budget
- Approves financial procedures
- Oversees the development of the Capital Improvement Plan
- Approves all contracts under \$25,000
- Approves all purchases over \$10,000 but under \$25,000
- Approves all invoices in excess of \$10,000
- Signs all checks or appoints someone to sign checks
- Reviews all grant submissions

Finance Director

The City Finance Director has the following fiscal and accounting responsibilities:

- Assists the City Manager in developing, preparing, and submitting department head budget requests
- Monitors budgets
- Reviews all payroll expenditures
- Reviews and manages cash flow and investments
- Assists the City Manager in developing, preparing, and submitting department capital improvement requests
- Reviews and approves all invoices in excess of \$5,000
- Prepares financial reports for annual audit
- Prepares the CAFR
- Prepares long-term financial plan
- Prepares accounting policies and procedures for review and approval
- Oversees capital asset records maintenance
- Oversees maintenance of financial system
- Reviews and approves all journal entries
- Reviews and approves bank reconciliations
- Signs all checks
- Monitors all construction-type capital asset projects
- Develops the Chart of Accounts

Finance Staff

The City has three Finance staff and their responsibilities are segregated in order to accomplish the following fiscal and accounting responsibilities:

- Overall responsibility for data entry into accounting system and the integrity of the accounting system
- Processes invoices and prepares checks, EFT payments
- Makes bank deposits
- Processes payroll
- Maintains general ledger
- Prepares monthly financial reports
- Prepares bank reconciliation
- Mails vendor checks
- Processes federal billings
- Performs investments activities
- Oversees cash receipting activities of other departments
- Maintains capital asset records

Department Directors

The City's Department Directors have the following fiscal and accounting responsibilities:

- Preparing their annual budget requests
- Preparing their Capital Improvement requests
- Approving all departmental expenditures
- Approving all departmental requisitions
- Monitoring their budget
- Overseeing projects and monitoring associated budget/contract

Department Personnel

Department staff has the following fiscal and accounting responsibilities:

- Entering invoices into the accounting system
- Entering cash receipts into the accounting
- Entering requisitions into the accounting system
- Providing cash receipt reports to Finance staff
- Reconciling their purchasing card activities

Accounts Payable

With the exception of year end accruals, most accounts payable balances are a matter of timing between the time invoices are entered into the system and the time cash disbursements are processed. This lag time is most notable at month end. The City does not accrue expenses in governmental funds except for GAAP reporting purposes at year end. See Cash Disbursements for additional information.

Accounts Receivable

With the exception of year end accruals, most accounts receivable balances are a matter of timing between the time billings are entered into the system and the time cash receipts are processed. This lag time is most notable at month end. The City does not accrue revenues in governmental funds except for GAAP reporting purposes at year end. See Cash Receipts for additional information.

Accruals

The City utilizes the modified accrual basis of accounting and only reports accruals for governmental funds at year end and only to align current year expenses with current year revenues that may not be received until after the start of the new fiscal year. The City utilizes the full accrual basis of accounting for enterprise funds.

Bank Reconciliations

Bank files are downloaded directly from the bank website by Finance staff.

Cash disbursements (checks/ EFT's/wires) that have cleared the bank account are cleared from the outstanding payments in the financial system. Payroll items are cleared in the same manner. Voided checks are processed by the Finance Director. These are also cleared from the financial system by finance staff.

Cash receipts that have been posted to the general ledger are also cleared. Any returned checks for nonsufficient funds are reported to the department receiving the funds so they may collect from the issuer.

Any items that have been processed by the bank but not included in the general ledger will be posted as a journal entry and then cleared in the same manner as other transactions.

The reconciling report generated by the financial system, along with the bank statement will be reviewed and approved by the Finance Director before being posted to the general ledger.

Checks that are outstanding more than two years will be voided and the monies returned to the appropriate fund, in accordance with Kansas Statutes. If an outstanding check is presented for payment subsequent to being voided, Finance will issue a replacement check.

Billings

Billings are processed by the City Clerk's office for such things as licenses and permits and the special assessments associated with code enforcement activities. Some of these activities are ongoing throughout the year and some are only at year end. These billings are what generates the accounts receivable balances, but do not generate the majority of the City revenues. Sewer and refuse billings are prepared by the Leavenworth Water Department, which is a separate entity from the City.

Budgeting

The City prepares its budget according to Kansas cash basis budget laws (K.S.A. 10-1116), which requires that cash be on hand before incurring an obligation. The City maintains its financial system in such a manner that ensures compliance with those laws and with generally accepted accounting principles (GAAP). Kansas budget law requires that the annual budgeted resources and uses be balanced, but allows for unappropriated cash carryover to be used to balance the budget, if necessary.

The annual budget is a line item budget which shows anticipated revenues and expenditures by fund, function, department, division, category, and object. The budget document itself, contains the prior year actuals, current year estimates, and the adopted budget for the coming fiscal year.

Kansas budget law requires that the General Fund, Special Revenue funds, Debt Service funds, and certain Enterprise funds be budgeted, unless exempted by specific statute. Statutory exemptions exist for all Capital Project funds, Fiduciary funds, certain Special Revenue funds, and certain Proprietary funds. Most federal and state grants are exempt from Kansas budget laws. The City budgets twelve governmental funds, three enterprise funds, and four fiduciary funds. The budgeted funds reported on the state budget form do not include two capital project funds, five grant funds, and four fiduciary funds, (although they are budgeted internally to show compliance with federal grant requirements and for internal control purposes) which are included in the audited annual financial statements.

Budget Calendar

Kansas Statutes require that the governing body notify the public and conduct a public hearing for the purpose of answering taxpayer questions about the proposed budget. The public hearing is an opportunity for citizens to have input into the budget. The Notice of Public hearing must be published along with a summary of the proposed budget at least ten days prior to the public hearing.

Budget Calendar:

The City's Budget Calendar will be as follows:

March	Long term financial plan will be presented to the commission
April	Department Directors begin budget requests
May	Department requests are due to Finance
June	Department meetings with City Manager and Finance
July	Meetings with Commission
August	Budget hearing is held and certified budget is sent to County Clerk
January 1 st	New budget year begins

Budget Amendment Process

The level of budgetary control is at the fund level. Expenditures cannot legally exceed the appropriated fund amount. Municipalities are authorized by K.S.A. 79-2929a to amend budgets to spend money not in the original budget. The additional expenditures must be made from existing revenues and cannot require additional tax levies. Before amending the budget, revenues should be analyzed to ensure the revenue source is required to be included in the budget. A budget amendment is not required if the receipt comes from a source exempt by statute from the budget law. Federal and state grants do not require a budget amendment.

If a budget amendment is necessary, there must be a notice of public hearing similar to the original budget process. Ten days after the notice of public hearing has been published, the public hearing is held and the governing body may approve the amendment. Amendments to the budget can be made throughout the year, but all budget amendments that are going to be made must be completed by December 31st of the current year.

The Finance Director creates the new fiscal year budget in the financial system and opens it to the Department Directors so they can make their requests.

While the Department Directors make their requests, the Finance Director reviews current revenues and information that may affect revenue levels and forecasts revenues for the coming year.

After the department requests are completed, the Department Directors, City Manager, and Finance Director review the requests and bring the anticipated revenues and expenditures into alignment with each other and Commission goals.

See the budget calendar above for the complete process. At year end, the Finance Director opens the adopted budget for use by departments.

Capital Asset Management

As stated in the Capital Asset Policy, the City defines capital assets as those whose acquisition costs exceeds more than \$5,000 and whose estimated useful life exceeds one business cycle.

The financial software system has been created with parameters that identify potential additions to capital assets when accounts payable and purchase orders are processed. Finance staff accesses the capital asset working file and imports accounts payable or purchase order files. These files are reviewed and each item deemed to be an asset is set up with an identification number (assigned by the system). At this time, certain information can be added to the asset, such as VIN Number (if a vehicle), manufacturer, serial number, and other such data that is on invoice information.

Once the process is complete, actual assets are created and posted to the asset file, where the category code, estimated useful life, and balance sheet accounts are added to the asset. At this point, it is important to also identify whether the asset is one the City will capitalize and thus depreciate or whether it's one that is considered high risk which are tracked for internal control purposes only. High risk items are defined as being relatively easy to move/transport; has a secondary market; and/or can create a liability risk for the City, such as weapons, computer equipment, etc.

Once the data entry has been complete, the asset records are reviewed and posted by the Finance Director.

Assets acquired **by** a governmental fund **for** a governmental fund are accounted for in the long term group account. Assets acquired by and for enterprise funds are accounted for in the enterprise funds. Assets acquired for enterprise funds by capital projects fund or other governmental funds will be accounted for in the enterprise fund as contributed capital.

Assets will be recorded at cost unless the cost cannot be practicably determined. If the cost cannot be determined, then an estimated cost will be used. Donated assets will be recorded at fair estimated value at the time of acquisition.

Cost

Capital assets shall be recorded at cost. The cost of a capital asset shall include not only its purchase price or construction cost, but also ancillary charges necessary to place the asset in its intended location and condition for use. Ancillary charges include costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition. Ancillary charges for land acquisition includes costs such as title search, closing costs, legal fees, surveying, filling, grading, draining, destruction of old facilities or any other costs of preparation.

Interest costs associated with construction shall be capitalized and considered to be a cost of the capital asset.

Initial costs of capital assets usually are readily ascertainable from contracts, purchase orders, and other transaction documents at the time of acquisition or construction.

However, governmental units are sometimes faced with the task of establishing appropriate capital asset accounting records and valuations after many years of operation without such records. In such situations, the original purchase documents may not be available, or an inordinate expenditure of resources may be required to establish original asset costs precisely. It may therefore be necessary to *estimate* the original cost of such assets on the basis of such documentary evidence as may be available, including price levels at the time of acquisition, and to record these estimated costs in the appropriate fixed asset accounts.

Acquisition by Gift

Governments may acquire properties by gift. Donated capital assets shall be recorded in the long-term capital asset group account, as appropriate, at their estimated fair value at the time of acquisition.

Depreciation

Depreciation of capital assets shall not be recorded in the accounts of governmental funds. Depreciation of general capital assets will be accounted for in the long-term group account used for capital assets, however, may be recorded in cost accounting systems or calculated for cost finding analyses.

Depreciation of capital assets accounted for in an enterprise fund shall be recorded in the accounts of that fund.

Depreciation expense is a non-cash, non-budgeted expense. It is an element of expense resulting from the use of long-lived assets. It shall be measured by allocating the expected net cost of using the asset (original cost less estimated residual value) over its estimated useful life in a systematic and rational manner.

The City uses the straight-line method of depreciation to depreciate capital assets in both enterprise funds and the long-term group account. Depreciation shall be calculated and recorded monthly from the first day of the month that the asset was placed in service.

All capital assets shall be assigned an estimated useful life. The following guidelines shall be used to establish useful life for class codes:

Land	Typically does not lose value, therefore, is not depreciated
Buildings	15-30 years
Improvements other than buildings	15-30 years
Machinery and equipment	5-15 years
Infrastructure	15-30 years
Construction in Progress	Depreciation does not begin until asset is placed in service

There are sub-class codes that break down the estimated useful life further:

Office Furniture	10 years
Office Equipment	6 years
Automobiles (Excluding Police Patrol)	4-6 years
Police Patrol Vehicles	3 years
Light Trucks (Less than 6.5 Tons)	4-6 years
Heavy Trucks	6-10 years
Trailers	6-10 years
Buildings	30 years

Machinery	6-15 years
IT equipment	3 years

At year end the financial system depreciation process will be completed and posted by the Finance Director or designee.

Disposal of Assets

Disposal of all assets must have prior approval from the City Manager. This information is provided by the Department Director or designee. If this disposal results from insurance claims or sale of assets, the information comes from the City Clerk’s office.

Reconciling Asset Records

Currently, at year end, asset listings are provided to Department Directors who then compare assets they have to the listing provided by Finance. Any changes are submitted to Finance who will then verify what happened to the asset, whether it was disposed of correctly and adjust the asset records accordingly. A change in this process is being considered.

Cash Management

Cash Disbursements

Cash disbursements are payments made to vendors for goods and services, memberships, subscriptions, taxes and licenses, staff training, meeting expenses, and employee reimbursements, etc.

The department staff makes purchases and submits invoices for payment. These invoices are entered into the financial software system, and the actual invoice is scanned and attached to the electronic vendor payment file. The data entry includes the division code, vendor code, account line, and purchase order if appropriate. The immediate supervisor approves (or rejects) the payment, depending on whether the coding is correct, whether the purchase was authorized, and whether the services or goods were actually received. If the invoice is approved, it is then forwarded to the Department Director for approval. When the Department Director approves the invoice, it goes to either Finance or the City Manager depending on the amount of the invoice. Once all approval levels are completed, Finance staff processes the batches for payment, regardless of the method of payment-i.e., checks, EFT’s or wire.

The Finance Director approves the “check run” before funds are released. Cash disbursements are processed weekly on Friday. If the 1st of the month falls on a day other than Friday, a separate cash disbursement batch is processed for HAP/VASH payments. These are housing assistance payments funded by federal grants and must be dated the 1st of every month.

The level of cash disbursements is verified to ensure appropriate levels of cash are available. If not, monies are transferred to the operating back account from the savings bank account.

At the end of each month, payments issued are compared to transactions that cleared the bank. Those that cleared the bank are then cleared in the general ledger for bank reconciliation purposes.

On a monthly basis, budgeted interfund transfers are made between funds by journal entry. The funds being transferred out are treated as an “other uses”. The funds being transferred in are treated as “other sources”.

On a semi-weekly basis, cash disbursements reports containing all payments made (including payroll) after the last reporting period are presented to the City Commissioner who is acting as claims reviewer. The Commissioner reviews the claims and presents the information to the other Commissioners for approval during regular Commission meetings.

All payments are made through the City cash disbursement process. No payments are allowed to be made from cash registers.

Three signatures are authorized for cash disbursements-City Manager, Finance Director, or City Clerk. Two of these signatures will be on each check. The City’s financial software includes the signatures on each check.

There is segregation of duties among Finance staff. No person who processes accounts payable adds new vendors or updates vendor files.

No person who processes payroll adds employees or updates employee files.

No staff member who processes accounts payable or payroll verifies and posts cash receipts.

No staff member has the authority to approve their own reimbursements.

The City encourages the use of EFT payments to vendors and is moving toward total EFT payments.

At year end, invoices received from January through February that are for the prior year, will be paid from the prior year. After final close, prior year disbursements are made to the current year.

Payroll

No person has the authority to approve their own time sheet. Department Directors approve all their staff timesheets. Department Directors will authorize payroll changes to their employees but will not update the employee files or prepare payroll transactions.

The City provides either direct deposit or pay cards for employee payments. The only payroll checks employees receive is for the very first one while getting payroll data set up with the employee's bank, whether a new employee or an existing employee who has changed banks. Payroll is processed on a bi-weekly basis.

The City utilizes electronic timesheets for all departments except the Wastewater Treatment Plant and the Municipal service center who uses biometric time clocks. Employees enter their time and their immediate supervisors review, edit if necessary, and approve their staff timesheets. The Department Director then approves all department employees' time sheets.

Employee updates are authorized by the Department Director, submitted to Human Resources (HR) for records update, and processed by Finance staff.

Finance staff processes W-2's and issues them to staff prior to January 31st of each year.

Purchasing Cards

Purchasing card statements are imported directly from the card provider and provided electronically to each card holder on a weekly basis. Each card holder is required to reconcile his/her purchases. All purchases must be reconciled and submitted for payment before the 28th of each month in order to give all approvers a chance to complete their process in time to meet the payment due date.

Cash Receipts

Cash receipts come from federal, state, county or other local sources, user fees, charges for services, sales taxes, franchise fees, etc. The City strongly encourages the use of EFT, wire payments, money orders, credit cards, or other forms of noncash payments to reduce the risk of error, reduce the risk of misappropriation, and reduce the level of returned checks. The City will not issue payments from cash drawers, will not exchange cash for a check, and will not accept third party checks as payment. The City will not accept a check for over the amount due when the intent is for a refund of cash back.

Payment collection points will be established at each location where customer services are provided. The user fees and charges for services are generally received by the department providing the service or the City Clerk's office. The City will integrate receipting with the accounting system whenever possible. Receipts are entered into the financial software system at the point of service; a pre-numbered receipt generated by the software system is issued to the payee.

Deposits are made to a Commission authorized depository on a daily basis or at the very least secured in a vault until such time as they can be deposited without using a night deposit box. This is usually done by department staff or the City Clerk's office. Copies of receipts, daily reports and deposit slips are turned in to Finance on a daily basis.

Finance will review the receipts, verify accuracy, investigate anomalies, approve, and post the receipts directly entered in the financial system; or will create a journal entry to record those not entered directly into the system. The Finance Director approves journal entries before being posted. Finance will compare the receipts deposited to reports generated from the point of entry and the bank statement and clear the entries on the general ledger for bank reconciliation purposes. Receipts will be recorded by fund, division, source, and account.

Finance will review shortages and overages and ensure they are properly recorded. Significant or consistent shortages or overages will be investigated to determine the cause.

Departments will ensure that all staff handling cash will be skilled and fully trained. Department Directors will ensure appropriate segregation of duties in order to reduce the risk of misappropriation. Significant overages will result in the employee being relieved of cashiering duties. Significant or consistent shortages will result in termination.

Finance will ensure that cash and investments are properly deposited and insured against loss.

Cash receipting responsibilities in the Finance department will be segregated so that the person entering and posting receipts is not the same person who is making deposits nor clearing the transactions in the general ledger for reconciliation purposes.

The bank reconciliation process is completed by Finance staff and reviewed and approved by the Finance Director.

At year end, revenues received from January through February that are for the prior year, will be posted to that year. Revenues earned but not received will be recognized as a receivable in accordance with GAAP. After final close, prior year receipts are posted to the current year.

Returned Payment Processing

Generally, the bank notifies Finance that a check has been returned for nonsufficient funds (NSF). Finance notifies the department who accepted the returned check. The department attempts to redeem the returned check, along with a thirty dollar (\$30.00) service charge.

Finance will record the reduction of revenues in the general ledger and the department will receipt the collection of the returned check and fees.

If a person has three returned checks, the City may refuse to accept any payments other than cash, money order, cashier's check, or credit card. NSF checks cannot be redeemed with another check.

Investments

The City maintains several bank accounts:

Main Operating account	Planters II Operating account
Section 8 Operating account	Tenant Deposit account
Secret Witness account	Repurchase account
Flexible Spending account	

The City also maintains several certificates of deposits (cd's) and several treasury bills.

All monies are deposited into the City's main operating account except for Planters II, Section 8, and Tenant deposit accounts. After verifying the levels of operating cash required, excess monies are transferred to the repurchase account, which acts as a savings account.

The repurchase account holds excess monies prior to investing in cd's or treasury bills in case a need for additional unanticipated cash arises. The repurchase account does not have early withdrawal penalties or maximum number of transaction limitations. It does pay a higher interest rate than the operating accounts.

While there is no set threshold to determine excess monies in the repurchase account, a cash requirements analysis is performed to align known outflows and known inflows before making an investment decision. The Planters II and Section 8 operating expenses are paid from the City's main account and at month end monies are transferred from these bank accounts to the main

operating account to reimburse for those expenses. These transfers are included in the cash requirements analysis.

The City's investment priorities are safety first, liquidity second, and return on investment last. The Commission authorized financial institutions are the places the City will deposit/invest with. In order to determine where and what instruments to invest in, Finance staff analyzes the anticipated outflows, inflows, maturity dates, and interest rates. The interest rates are compared to the Minimum Investment Rates as established by the Kansas Pooled Money Investment Board and K.S.A. 12-1675.

The City may invest in United States Treasury instruments, Certificates of Deposits (cd's), temporary notes issued by the City, and the State Municipal Investment Pool.

Investment maturity dates are aligned with known cash flow requirements, but are such that all do not mature at the same time. The minimum maturity date will be 90 days; the maximum maturity date will be two years. The only exception to the maximum maturity date of two years is if the investments are made to coincide with an expected use of the monies.

Except for Planters II, Section 8, and the Tenant Deposit accounts, monies in the operating and repurchase account are owned by all City funds. Therefore, investments are owned by all City funds.

When it is determined that the City has excess monies available for investment purposes, The Finance Director shall cause the following investment procedures to be initiated:

- The Finance Director or designee shall determine the amount of idle funds available for investment, the term such funds can be invested, and the date such funds are available.
- The Finance Director or designee shall send to all authorized financial institutions a standardized investment quotation form requesting interest rate information.
- After all quotes are received; The Finance Director shall review and study each quote to determine which quote will earn the greatest interest earnings for the City. The quote with the highest yield will be awarded the idle funds; however, if all quoted interest rates are lower than the current 91-day U.S. Treasury Bill rate, the City shall purchase such U.S. Treasury Bills directly.
- Before any investments are purchased, The Finance Director or his/her designee shall verify that sufficient collateral securities are being held to satisfy all safekeeping requirements.

Chart of Accounts and General Ledger

Chart of Accounts

The City has developed its chart of accounts in accordance with generally accepted accounting principles and to meet its operational and reporting needs. The Chart of Accounts is structured so that financial statements can be reported by fund, function, department, division, categories, and account lines.

The City's Chart of Accounts has the following fund structure:

General Fund: The general fund is the main operating fund of the city, which accounts for all financial resources not accounted for or reported in another fund. The majority of the City's current operations are financed by the general fund.

Special Revenue Funds: These funds account for revenues derived from specific sources which are designated for particular functions or activities. The City budgets the following special revenue funds:

- **Recreation Fund:** This fund is used to account for cultural and recreational activities of the City. Its resources are generated from ad valorem property taxes, and user fees.
- **Economic Development Fund:** This fund is used to account for the City's economic development activities. Its resources are generated from a 15% allocation of the Countywide sales tax.
- **Special Highway Fund:** This fund accounts for the activities of the street department and derives its revenues mostly from a state fuel tax.
- **CIP Sales Tax Fund:** This fund accounts for the activities related to the ½ cent permanent sales tax dedicated for capital improvements.
- **Countywide Sales Tax Fund:** This fund accounts for the receipt and disbursement of sales tax revenues resulting from a one-cent countywide sales tax enacted by Leavenworth County.
- **Tax Increment Fund-Zeck:** This fund accounts for the transactions related to Zeck Ford properties economic development incentives. Revenues come from a portion of the City sales tax, a CID specifically for Zeck, and property tax abatements on the improvements above the base year valuations.
- **Tax Increment Fund-Hotels Fund:** This fund accounts for the transactions related to Hotel economic development incentives. Revenues come from property tax abatements on the improvements above the base year and in late 2017 a CID established specifically for the North Gateway Hotel.
- **Tax Increment Fund-Home Depot:** This fund accounts for the receipt and disbursement of sales tax revenues related to the 2001 tax increment financing project.

- **Convention & Visitors Bureau:** This fund accounts for the activities of the tourism department. Revenues consist of transient guest taxes for the promotion of tourism and conventions.
- **Probation Services Fund:** This fund accounts for the Probation Department. Resources are generated from 1/3 of the state liquor tax allocation and user fees.

Debt Service Funds: The debt service fund is used to account for the principle and interest on the City's outstanding debt.

Enterprise Funds: These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Budgeted enterprise funds include the Sewer Fund, which accounts for all activities necessary to provide sewer services to the citizens; and the Refuse Fund which accounts for activities necessary to provide refuse collection and disposal services to the citizens.

Fiduciary Funds: These funds are collected and held on behalf of others and are not available for use in support of the City's activities. The City budgets the following types of fiduciary funds:

- **Pension funds:** These funds are used to report resources that are held in trust for members and their dependents related to pensions. The City provided and administered a single-employer defined pension plan for police officers and firefighters. The plan was established by ordinance in 1945. In 1971, the City affiliated with the Kansas Police and Firemen's Retirement System (KP&F). At that time the City plan became closed to new entrants. All members were given the option of joining KP&F or remaining with the City Plan. All administrative costs are absorbed by the General Fund. As of December 31, 2016, the plan consists of 4 beneficiaries. The City budgets for the following Pension Plans:
 - **Fire Pension:** This fund accounts for the activities related to the payment of pension benefits to retired firefighters and/or their dependents. Revenues to support this activity are derived from ad valorem property taxes.
 - **Police Pension:** This fund accounts for the activities related to the payment of pension benefits to retired police officers and/or their dependents.
- **Agency funds:** This type of fiduciary fund accounts for resources held by the City in a completely custodial capacity, on behalf of its component unit, the Leavenworth Public Library. The City budgets for the following Agency funds:
 - **Leavenworth Public Library:** This fund accounts for the levying, collecting, and disbursement of ad valorem property taxes in support of the library activities.
 - **Library Employee Benefit Fund:** This fund accounts for the levying, collecting and disbursement of ad valorem property taxes related to the payment of employee benefits such as Kansas Public Employee Retirement

System (KPERS), health insurance and other employee benefits in support of the Leavenworth Public Library employees.

In addition to the fund types mentioned above, the City's fund structure includes **departments**, which is a group of related operations within a functional area; **divisions**, which are segments within a department that are assigned specific operations; **categories**, which are classifications of specific revenues and expenditures; and **account lines**, which are specific revenue and expenditure types.

The revenue structure used in the City's budgeting and accounting system is by fund, function, department, division, category, and object. The revenue object number designates a specific revenue source and is applied consistently throughout the funds. The expenditure structure is set up similar to the revenue structure. The expenditure object number designates a specific expenditure type and is applied consistently throughout the funds.

The Finance Director or designee is responsible for maintaining the Chart of Accounts and revising as necessary.

General Ledger

The general ledger is automated and maintained using accounting software. All input to the general ledger comes from various modules, such as cashiering, accounts payable, budgeting, purchasing, capital assets, etc., and are reviewed and approved through the workflow process. The final review before posting is done by the Finance Director.

All input and balancing activities are the responsibility of the finance staff with final approval by the Finance Director or designee.

The Finance Director reviews the general ledger on a regular basis to determine budget overages, unusual transactions, and cash flow requirements.

Debt

Debt is defined as long-term financing. The City does not issue debt for routine operations, repairs, and maintenance, small tools, or equipment of the type normally paid from the operations budget.

Debt will only be used for capital projects or specialized equipment that cannot be financed from current revenue sources.

During the Capital Improvement Planning process, funding sources are identified for each approved project. Sometimes issuing debt is the only way a project can be completed.

The Finance Director will perform a capital project funding analysis that will include the following items:

- Proposed impact on debt levels in comparison to debt limitations
- Debt repayment sources
- Estimated useful life of the proposed project compared to the affordable debt repayment schedule
- Blended payment options (i.e. grant, sales tax, tax credits, etc.)
- Need for the project
- Impact on the City's credit rating

If the decision is made to issue debt, the City will engage a Financial Advisor and Bond Council to aid in the structuring and sale of the debt. These professionals will be hired in accordance with the Debt Management policy.

The City will comply with all post-issuance requirements.

Financial Statements

Although the City budgets in accordance with Kansas cash basis budget laws, the annual financial reports for the governmental funds are prepared using the modified accrual basis of accounting and enterprise funds are prepared using the full accrual basis.

The Director of Finance is responsible for preparing the annual financial statements and the CAFR in accordance with GAAP. The City has received the Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting for over twenty (20) years.

The Finance Director is responsible for keeping up with new Governmental Accounting Standards Board (GASB) statements and reporting in compliance with applicable statements.

The City financial statements are audited annually by an outside audit firm. The Leavenworth Public Library is considered a component unit; therefore, the library's audited financial statements are incorporated into the City's financial statements.

Grants

Department Directors are responsible for identifying and applying for grants. They are also responsible for notifying the Finance Director prior to submitting the application to the City Manager and City Commission. The Finance Director will determine the effects the grant will have on the operating budget, cash flow, matching fund requirements, and other operating constraints. The Finance Director will also verify what long-range effects the grant may have on personnel levels, operations, and other compliance related financial matters.

While Kansas budget laws do not require grants to be budgeted, there is an internal process that Finance completes in order to ensure that grant funds are not overspent.

Department Directors are responsible for determining whether the grant meets the needs of Commission approved goals and objectives, assigning a project manager to ensure grant compliance, and establishing a project plan to measure the effectiveness of the grant.

Purchasing

All city employees are authorized to make purchases up to \$4,999 as delegated by their supervisor or Department Director. These purchases may be made with the purchasing card or by entering a requisition into the financial system.

All City employees are authorized to make purchases between \$5,000 and \$9,999 as delegated by their supervisor or Department Director. Before purchases with this cost level can be made, 3 verbal quotes must be obtained and documented. The Finance department does not require written copies of this documentation to be submitted to them; however, the documentation must be scanned and attached to the electronic purchase requisition.

Purchases of \$10,000 to \$24,999 are made by the Department Director or designee with 3 written quotes and approved by the City Manager. The three written quotes must also be scanned and attached to the electronic requisition. The Finance department does not require copies of the written quotes, either.

Purchases \$25,000 or more are made by the Purchasing Agent via Department Director request and City Manager authorization and City Commission approval. These purchases are made through the sealed bid process.

Once authority has been granted to make the purchases, the Department Director or designee is responsible for completing the transaction, inputting the invoice data and scanning a copy of the invoice and attaching it to the electronic file. Once the batch is released into the approval work

flow, approvers will receive notification that they have transactions to approve or reject. After the invoice has been approved by all approvers, Finance processes it for payment.

Finance Director approves check or payment batches before cash is released.

Revenues

Finance is responsible for monitoring budgeted revenues to ensure them being received in a manner that will cover budgeted expenditures. If not, Finance is responsible for notifying departments in time to reduce spending.

Finance is also responsible for:

- Maintaining revenue records for use in forecasting future revenue projections for budgeting purposes
- Identifying significant fluctuations by type
- Maintaining diversification in revenues to assure a stable financial environment
- Identifying appropriate user fees and rates to ensure revenues can offset the costs of providing that service

Technology

The IT department is responsible for ensuring that the City's technology is sufficient to meet the City's needs; ensuring that technical support and licensing agreements are kept up to date; and responding to instances of suspected abuse of City technology.

IT is also responsible for maintaining IT equipment and infrastructure and tracking those assets.

IT is responsible for ensuring appropriate levels of cyber security insurance is maintained to reduce the City's liability resulting from cyber-attacks.

The Finance Director is responsible for overseeing the IT department activities.

Travel

There are occasions where City staff will be required to travel in the course of completing their responsibilities. The City will compensate employees for these expenses in accordance with the travel policy and procedures located in Appendix II of the Employee Handbook.

The Finance Director is responsible for maintaining the Financial Policies and Procedures manual. For questions, suggestions, or copies please contact:

**City of Leavenworth Finance Department
100 N. 5th Street
Leavenworth, Kansas 66048**

Appendix C-GLOSSARY of Terms

Accounting System- The total structure of records and procedures for recording, classifying, summarizing and reporting financial information.

Accrual Basis Accounting – A method of accounting in which revenues are recorded when measurable and earned, and expenses are recognized when a good or service is used.

Accrued Expense – An expense incurred during the current accounting period but which is not to be paid until a subsequent accounting period.

Accrued Revenue – Revenue earned during the current accounting period but which is not to be collected until a subsequent accounting period.

Ad Valorem – A basis for a levy of taxes upon property based on value.

Ad Valorem Taxes- (“According to value”) is a tax based on the value of real estate or personal property.

Addendum- An addition or supplement to a document.

Agency Fund – A fund consisting of resources received and held by the governmental unit as an agent for others.

Appraised Valuation- The value placed upon real estate or other property by the County Appraiser.

Appropriation – An authorization by the City Commission to incur obligations and to expend public funds for a stated purpose. An appropriation is usually limited in amount and as to the time when it may be expended.

Arbitrage- Refers to the rebate or penalty amount due to the Internal Revenue Service where funds received from the issuance of tax-exempt debt have been invested and excess interest earnings have occurred, or where tax-exempt bond proceeds are not spent for their intended purpose within the times permitted by federal regulation. As used in this policy, ‘excess interest earnings’ means interest earned at a rate in excess of the arbitrage permitted yield on any individual bond issue.

Assessed Valuation- A fixed percentage of the appraised valuation, as appraised by the County Appraiser.

Assets – Probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events

Assigned Fund balance- The cash balance intended for a specific use by the City that are neither restricted nor committed. Intent is expressed by the Commission or City Manager to which the Commission delegated authority to assign amounts for specific purposes.

Audit – A methodical examination of the utilization of and changes in resources. It concludes in a written report of the findings. A financial audit is a test of the management’s financial statements and internal accounting control procedures to determine the extent to which internal accounting controls are both available and being used. It determines whether the financial statements fairly present the City’s financial condition and results of operations.

Available (Undesignated) Fund Balance – This refers to the funds remaining from the prior year, which are available for appropriation and expenditure in the current year.

Balance Forward – A cash basis portion of the fund balance required by Kansas statute for budgeting purposes. It is comprised of cash and equivalent balances less current liabilities (such as accounts payable and wages payable) and encumbrances. The balance forward is added with budgeted revenues to calculate the total resources available for budgeted expenditures.

Best Value- A selection of a product or service that was based on both price and qualitative components of a bid and the award are not necessarily to the lowest bidder, but rather on the offer deemed most advantageous and of greatest value to the City. Qualitative considerations include items such as technical design, technical approach, quality of proposed personnel, and or management plan.

Bid- A written offer to perform a contract to provide goods or services to the City in response to a bid opportunity.

Bond- A written promise to pay a specific amount of money, called face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, payable periodically.

Bond Indebtedness- The portion of a government’s debt represented by outstanding bonds.

Budget- A plan of financial operation including an estimate of proposed expenditures for a given period of time, and proposed means of financing them.

Budget Amendment- A formal change to the budget during the year to increase expenditure limits.

Budget Control – The control or management of the approved Budget for the purpose of keeping expenditures within the limitations of available appropriations and available resources.

Budget Hearing- The formal hearing for the budget to be presented to the governing body for adoption and approval.

Budget Law- A series of the Kansas Statutes (K.S.A. 79-2925 to 79-2937) which includes specific requirements for preparing an annual budget document. The budget sets a limit on expenditures and tax levies.

Budgetary Fund Balance- Represents only the accumulated amount from prior years based on budgetary basis.

Budgeted Fund- A fund that is required by statute to be budgeted.

Buildings- All permanently walled and/or roofed structures, along with all permanent systems, such as HVAC, drainage, plumbing, etc.

Capital Asset- Tangible or intangible assets with an acquisition cost greater than \$5,000 and an estimated useful life expectancy greater than one business cycle.

Capital Expenditures- An expenditure which results in the acquisition of or addition to capital assets.

Capital Funds- Funds that account for capital improvements funded by issuing debt, special assessments, or certain grants.

Capital Improvements- Expenditures related to the acquisition, expansion, or rehabilitation of an element of the government's physical facilities or infrastructure.

Capital Outlay- Payments made in cash or cash equivalents to purchase a capital asset or extend a capital asset's useful life.

Capital Project- Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increases their useful life.

Capital Improvement Program- A plan that serves as a guide for the efficient and effective provision of public facilities, outlining timing and financing schedules of capital projects for a five-year time period.

Cash Basis Reserves- An amount of money budgeted in the Bond Fund to assure there is adequate cash flow to meet principal and interest payments. It is limited to one year's principal and interest.

Challenge- A written objection by a participating bidder regarding a bid, proposal, or quote.

Charges for Services- A revenue source that represents a reimbursement for services provided, such as utilities, facility rentals, inspection fees, parks user fees, etc.

Charter Ordinance- The document used by cities to exempt itself from a non-uniform state statute using constitutional home rule.

Collusion- When two or more parties act together secretly to achieve a fraudulent or unlawful acts such as unlawful activities impacting competitive bidding. This may inhibit free and open competition in violation of antitrust laws.

Commission- The legislative body of the City, made up of members of the community elected at large by popular vote.

Committed Fund Balance- The cash balance that can only be used for specific purposes determined by a formal action (resolution/ordinance) of the City's highest level of decision making authority-the City Commission. Commitments may only be lifted by taking the same formal action that originally imposed the restriction.

Commodities- Expendable items that are consumable and/or have a short life span that is within one business cycle and whose cost is below a specific threshold established by management, such as small tools, office supplies, etc.

Community Improvement District (CID)- May be either a political subdivision or a not-for-profit corporation and are defined geographic areas. CID's are organized for the purpose of financing a wide range of public-use facilities and establishing and managing policies and public services relative to the needs of the district.

Construction in Progress (CIP)- Includes all costs of labor, material, and ancillary costs accumulated on a project that is not, yet completed. Once placed in service, the asset is transferred from CIP to the appropriate asset classification.

Contingency- A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contract- Any written instrument or electronic document containing elements of offer, acceptance, and consideration to which the City is a part.

Contractor- An individual, company, corporation, firm, or combination thereof in which the City enters into a contract for the purpose of procuring goods or services.

Contractual services- Service rendered by private firms, individuals, or other governmental agencies, such as utilities, rent, maintenance agreements, and/or professional services.

Controlled Asset- Controlled assets are those items with an acquisition cost of less than \$5,000, but which are particularly at risk or vulnerable to theft or loss.

Cooperative Purchasing- A process by which two or more jurisdictions cooperate to purchase from the same vendor.

County Clerk's Budget Information- The valuation and other information needed to prepare a budget, available June 15th.

County Treasurer's Report- A report which shows the distribution of taxes made by the county treasurer for the previous year.

Debt- An obligation resulting from borrowing money or purchasing goods and services. It includes general obligation bonds, revenue bonds, temporary notes, state revolving loans, and lease purchase agreements.

Debt Capacity- An assessment of the amount of debt an entity can repay in a timely manner without jeopardizing its financial viability and/or without violating restrictions placed by governing bodies.

Delinquent Taxes – Taxes remaining unpaid after the due date. Unpaid taxes continue to be delinquent until paid, abated, or converted into a lien on property.

Department – A major unit of organization in the City of Leavenworth comprised of sub-units named divisions or cost centers and responsible for the provision of a specific package of services.

Depreciation- A non-cash expense that results from the use of long-lived assets. It is measured by allocating the acquisition cost of an asset over its estimated useful life.

Design-Build- A project delivery method in which the City contracts with a single entity for both the design and construction/implementation of a project.

Designee- A duly authorized representative of a Department Director

Economic Development- The effort to attract new business and industry and retain existing business and industry.

Emergency Purchases- A purchase made when a lack of which would threaten:

- 1) The functioning of the City government
- 2) The preservation or protection of property, machinery, or equipment
- 3) The health or safety of any person

Encumbrance – Commitment related to an unperformed contract for goods and services. Encumbered funds may not be used for any purpose.

Enterprise Funds- Funds that account for activities for which a fee is charged to external users for goods and services, such as wastewater, refuse, sewer, and storm water.

Equipment- Vehicles and equipment which meets the definition of capital assets, is movable in nature, retains its original shape and appearance with use, is non-expendable, and is not permanently attached to a building.

Expenditures- Includes cash payments plus any encumbrances for budgetary purposes. *Expenditures cannot exceed the published budget.*

Fiduciary Fund – Any fund held by a governmental unit as an agent or trustee.

Fiscal Year – A 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operations. The City of Leavenworth’s fiscal year is a calendar year of January 1 to December 31.

Fringe Benefits – Employer share of FICA taxes, health insurance, life insurance, workmen compensation, unemployment taxes, and retirement contributions made on behalf of the City’s employees.

Full-Time Equivalent (FTE) – The conversion of all full-time, part-time, and temporary employees to the amount of full-time employees that would be required for the hours worked. Two part-time employees working 20 hours each would equal 1 FTE.

Fund- An independent fiscal and accounting entity including all cash with related liabilities or obligations.

Fund Balance- The measure of financial resources available in a governmental fund. The context of fund balance for reporting purposes is different than the context for budgeting purposes. The GAAP context separates fund balance into categories depending on the level of constraints placed on the use of the funds.

General Fund- The City’s primary operating fund that accounts for services not otherwise specified in a separate fund.

General Obligation Bonds- Bonds backed by the full faith and credit of the City. Bondholders have the power to compel the City to levy property taxes to repay the bonds, if necessary.

Goal – A goal is a statement of desired conditions to be maintained or achieved through the efforts of an organization. Actual total achievement may be impossible, but the goal is a standard against which to measure progress towards ideal conditions. A goal is a definition of results toward which the work of the organization is directed.

Governmental Funds – This category of funds includes typical governmental activities and includes funds such as the General Fund, Special Revenue Funds, and the Debt Service Fund.

These funds are set up to measure current expendable financial resources (only current assets and current liabilities) and use the modified accrual basis of accounting.

Grant – A contribution of assets (usually cash) from one government unit or organization to another. Typically, these contributions are made to local governments from the state or federal governments to be used for specific purposes and require distinctive reporting.

Improvements Other than Buildings- Includes permanent improvements to assets which cannot be classified as a building with the exception of those improvements that are made with/to infrastructure.

Informal Solicitations- Purchases under a certain dollar threshold may be made by either verbal or written quotes.

Infrastructure- Roads, streets, bridges, curbs, gutters, sidewalks, traffic signals, drainage systems, storm culverts, and lighting systems.

Interfund Transfers-Flows of assets-for example cash or goods, between funds and blended component units of the primary government without the equivalent flow of assets in return and without a requirement for repayment (includes both revenues and expenditures). Usually classified as “Other sources and uses”.

Investment – Securities held for the production of income in the form of interest and dividends.

Invitation for bids (IFB)- All documents used to solicit competitive or multi-step bids.

Land- Includes all real estate owned by the City with the exception of real estate that contains infrastructure.

Lease/Purchase Agreements- The City enters into a lease/purchase agreement with another party (typically a third-party vendor) to lease an asset over a defined period of time at a pre-arranged annual payment. Lease/purchase payments are made primarily from operating revenues. The City Commission appropriates annual lease/purchase payments unless it chooses not to appropriate under the Kansas cash basis law. If lease/purchase payments are not appropriated, ownership of the property remains in the leasing party. At the conclusion of the lease term, the City either receives unencumbered ownership of the asset or receives an option to purchase the asset at a predetermined price.

Lease Agreements- The City enters into a lease agreement with another party (typically a third-party vendor) to take temporary possession of an asset over a defined period of time at a pre-arranged payment, made from operating revenues. The Commission appropriates lease payments

unless it chooses not to under Kansas cash basis law. At the end of the leasing term, ownership of the asset remains in the leasing party.

Non-spendable- Includes amounts that are not spendable in any form or are legally or contractually required to remain intact.

Purchasing Agent- City employee assigned to the Finance office designated with the authority and responsibility for purchasing

Request for Proposal (RFP)- A document used to solicit proposals from potential providers for goods and services

Request for Qualifications- Refers to the pre-**qualification** stage of the procurement process. Only those proponents who successfully respond to the **RFQ** and meet the **qualification** criteria will be included in the subsequent **Request** for Proposals (RFP) solicitation process.

Request for Quotes- A request made to vendors for non-repetitive purchases below a certain dollar amount, may be either a verbal or written quote depending on the dollar threshold.

Resources Available- The total cash available to fund the budget.

Restricted Fund Balance- Amounts that can only be spent for specific purposes stipulated by external sources either constitutionally or through legislation.

Revenues- Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, forfeitures, grants, and interest income.

Special Assessment Bonds- Bonds issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. The issuer's recourse for nonpayment is foreclosure and the remaining debt becomes the City's direct obligation, repaid from property taxes.

Special Revenue Funds- Funds that account for revenue sources and uses that are designated for a specific purpose.

Specification- A precise description of the physical or functional characteristics of a product, goods, or services the purchaser is seeking to buy and what a bidder must do to be responsive in order to be awarded a contract. Specifications generally fall under the following categories: design, performance, qualified products list and samples. May also be known as a purchasing description.

Tax Increment Financing (TIF)– is a public financing method that is used as a subsidy for development of blighted areas, infrastructure, and other public improvements.

Tax levy- The total amount to be raised by general property taxes for the purposes specified in the approved City budget.

Tax rate- The amount of tax levied for each \$1,000 of assessed valuation.

Unassigned Fund Balance- This is the residual classification for the remaining balances. It includes all amounts not contained in other classifications and technically available for any purpose.

Unencumbered Cash Balance- The cash balance as shown in the accounting records for the fund, less any outstanding encumbrances.

Vendor- A supplier/seller of goods and services. A reference to a provider of product or service.

Appendix D-GLOSSARY OF ACRONYMS

AAP	Annual Action Plan
APWA	American Public Works Association
CAFR	Consolidated Annual Financial Report
CAPER	Consolidated Annual Performance and Evaluation Report
CDBG	Community Development Block Grant
CIAP	Comprehensive Improvements Assistance Program
CIP	Capital Improvements Program
CPI	Consumer Price Index (as published by the US Department of Labor)
CVB	Convention & Visitors Bureau
DOHE/KDOHE	Kansas Department of Health & Environment
DOL/KDOL	Kansas Department of Labor
DOR/KDOR	Kansas Department of Revenue
DOT/KDOT	Kansas Department of Transportation
EMT	Emergency Medical Transport
EPA	Environmental Protection Agency
ESG	Emergency Solutions Grant
FFE	Federal Funds Exchange
FICA	Federal Insurance Contributions Act
GAAP	Generally Accepted Accounting Principals
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Services

GPS	Global Positioning System
HCV	Housing Choice Voucher
HIDTA	High Intensity Drug Trafficking Areas program
HUD	Department of Housing and Urban Development
HVAC	Heating, Ventilation, and Air Conditioning
LCDC	Leavenworth County Development Corporation
LEPC	Local Emergency Planning Committee
LHA	Leavenworth Housing Authority
KERIT	Kansas Eastern Regional Insurance Trust
KHRC	Kansas Housing Resources Corporation
KLINK	Kansas Highway Connecting Links
KPERS	Kansas Personnel retirement system
KP&F	Kansas Police & Fire retirement system
K.S.A.	Kansas Statutes Annotated
M&R	Maintenance & Repairs
MARC	Mid-America Regional Council
PAC	Performing Arts Center
RFCC or CC	Riverfront Community Center
RHSCC	Regional Homeland Security Coordinating Committee
ROW	Right of Way
SRO	School Resource Officer
TIF	Tax Increment Financing
VA	Department of Veteran Affairs
VASH	Veterans Affairs Supportive Housing

Leavenworth Times

Publication

NOTICE OF BUDGET HEARING
The governing body of
City of Leavenworth, Kansas
will meet on August 14, 2018 at 7:00 PM at City Hall for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax. Detailed budget information is available at City Hall and will be available at this hearing. 2019

BUDGET SUMMARY
Proposed Budget 2019 Expenditures and Amount of 2018 Ad Valorem Tax establish the maximum limits of the 2019 budget. Estimated Tax Rate is subject to change depending on the final assessed valuations.

FUND	Prior Year Actual for 2017		Current Year Estimate for 2018		Proposed Budget Year for 2019		
	Expenditures	Actual Tax Rate *	Expenditures	Actual Tax Rate *	Budget Authority for Expenditures	Amount of 2018 Ad Valorem Tax	Estimate Tax Rate *
General	17,209,531	15.356	19,080,212	16.593	22,751,464	3,478,645	16.378
Debt Services	2,978,102	8.129	3,710,511	7.635	3,821,027	1,621,608	7.617
Library	842,000	3.706	885,271	3.720	900,000	796,403	3.759
Library Employee Benefit	191,000	0.843	192,371	0.844	204,000	201,136	1.229
Recreation	1,566,903	2.600	1,596,954	1.822	1,677,861	483,670	2.277
Police Pension	14,738	0.060	15,819	0.060	166,800	13,605	0.064
Fire Pension	122,183	0.647	124,213	0.644	630,000	87,871	0.414
Social Highway	1,177,106		1,158,465		2,152,844		
Economic Development	229,998		407,102		568,336		
CIP Sales Tax	2,113,164		2,942,924		2,650,000		
County Wide Sales Tax	1,870,907		2,207,651		3,810,459		
CVS	245,936		295,728		872,311		
Probation	155,806		177,505		225,322		
ITF Truck	417,789		817,459		804,711		
ITF Fire/Police	500,392		338,780		484,174		
ITF Home Depot	263,495		254,000		391,759		
Sewer	4,637,549		4,811,313		5,843,546		
Refuse	2,830,766		3,045,112		2,368,352		
Refuse Restricted	10,740		17,049		35,760		
Non-Budgeted Funds A	2,658,696						
Totals	39,465,155	31.383	41,101,179	31.348	50,808,988	6,742,928	31.747
Less Transfers	4,095,824		4,295,838		4,314,975		
Net Expenditure	35,369,331		36,805,341		46,494,013		
Total Tax Levied	6,783,650		6,435,916		212,395,600		
Assessed Valuation	205,654,935		207,179,354		212,395,600		
Outstanding Indebtedness:							
January 1, 2019	35,283,000		35,840,000		39,765,000		
O.D. Bonds	0		0		0		
Revenue Bonds	2,410,000		1,680,000		2,070,000		
Other	39,348		0		329,880		
Lease Purchase Principal	27,934,348		27,500,000		23,164,680		
Total							

*Tax rate expressed in mills
Cathy Williamson
City Official Title City Clerk

Published in the Leavenworth Times July 31, 2018

lawful age, being first duly sworn Representative of the Times a daily eavenworth, Leavenworth County, published for at least Fifty (50) i for at least five (5) years prior to tice that said newspaper has a nd yearly basis in Leavenworth ous or fraternal publication and enworth County, Kansas and has a . The attached Notice was egular issue of said newspaper.

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Seventh Publication was made on the _____ day of _____, 20____.

WITNESS my hand this 31 day of July, 2018.

Sammy Lawson
Legal Representative

Subscribe and sworn before me, this the 31 day of July, 2018.
Rebecca A. Broom
Notary Public
My Commission Expires: 6/7/19

REBECCA A. BROOM
Notary Public - State of Kansas
My Appt Expires 6/7/19